



LAWS OF ALASKA

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Source

CSHB 273(L&C) am S

Chapter No.

AN ACT

Relating to commercial fishing loans; relating to subsidiary corporations of the Alaska Housing Finance Corporation; relating to the power of the Alaska Housing Finance Corporation to make or purchase mortgage loans; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1

AN ACT

1 Relating to commercial fishing loans; relating to subsidiary corporations of the Alaska
2 Housing Finance Corporation; relating to the power of the Alaska Housing Finance
3 Corporation to make or purchase mortgage loans; and providing for an effective date.

4

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

6 (a) The department may

7 (1) make loans

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

1 participated in the fishery during those periods

2 (i) for the purchase of entry permits;

3 (ii) to upgrade existing vessels and gear for the purpose
4 of improving the quality of Alaska seafood products; or

5 (iii) for propulsion engine or generator engine
6 replacements on existing vessels for the purpose of improving fuel
7 efficiency;

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

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

19 (ii) is economically dependent on commercial fishing
20 for a livelihood and for whom commercial fishing has been a traditional
21 way of life in Alaska;

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

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

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

31 (iii) qualify as transferees for quota shares under

1 applicable law; and

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

4 (D) to an individual commercial fisherman to satisfy past due
5 federal tax obligations, if the fisherman has been a state resident for a
6 continuous period of two years immediately preceding the date of application
7 for the loan, has filed past and current federal tax returns with the federal
8 government, has executed an agreement with the federal government for
9 repayment of past due federal tax obligations, and either

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

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

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

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

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

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

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

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

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

7 (7) allow an assumption of a loan if

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

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

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

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

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

21 (11) refinance debt obligations, not to exceed \$400,000 [\$200,000],
22 incurred by a borrower or borrowers for the purchase of a commercial fishing vessel
23 or gear if the borrower or borrowers otherwise qualify for a loan under AS 16.10.300 -
24 16.10.370; the department may collect a refinancing loan origination charge as
25 provided by regulation.

26 * **Sec. 2.** AS 16.10.310(a), as amended by sec. 1 of this Act, is amended to read:

27 (a) The department may

28 (1) make loans

29 (A) to individual commercial fishermen who have been state
30 residents for a continuous period of two years immediately preceding the date
31 of application for a loan under AS 16.10.300 - 16.10.370, who have had an

1 annual crewmember or commercial fishing license under AS 16.05.480 or a
2 permit under AS 16.43 for the year immediately preceding the date of
3 application and any other two of the past five years, and who actively
4 participated in the fishery during those periods

5 (i) for the purchase of entry permits;

6 (ii) to upgrade existing vessels and gear for the purpose
7 of improving the quality of Alaska seafood products; or

8 (iii) for propulsion engine or generator engine
9 replacements on existing vessels for the purpose of improving fuel
10 efficiency;

11 (B) to an individual for the repair, restoration, or upgrading of
12 existing vessels and gear, for the purchase of entry permits and gear, and for
13 the construction and purchase of vessels, if the individual has been a state
14 resident for a continuous period of two years immediately preceding the date
15 of application for a loan under AS 16.10.300 - 16.10.370, is not eligible for
16 financing from a state financial institution as defined in AS 06.01.050, a
17 federally chartered financial institution, or the Commercial Fishing and
18 Agricultural Bank, and

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

22 (ii) is economically dependent on commercial fishing
23 for a livelihood and for whom commercial fishing has been a traditional
24 way of life in Alaska;

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

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

30 (ii) for any two of the past five years, possessed an
31 annual crewmember or commercial fishing license under AS 16.05.480

1 or a permit under AS 16.43 and actively participated in a fishery for
2 which the license or permit was issued;

3 (iii) qualify as transferees for quota shares under
4 applicable law; and

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

7 (D) to an individual commercial fisherman to satisfy past due
8 federal tax obligations, if the fisherman has been a state resident for a
9 continuous period of two years immediately preceding the date of application
10 for the loan, has filed past and current federal tax returns with the federal
11 government, has executed an agreement with the federal government for
12 repayment of past due federal tax obligations, and either

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

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

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

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

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

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

1 (4) establish amortization plans for repayment of loans, which may
2 include extensions for poor fishing seasons or for adverse market conditions for
3 Alaska products;

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

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

10 (7) allow an assumption of a loan if

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

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

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

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

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

24 (11) refinance debt obligations, not to exceed **\$200,000** [\$400,000],
25 incurred by a borrower or borrowers for the purchase of a commercial fishing vessel
26 or gear if the borrower or borrowers otherwise qualify for a loan under AS 16.10.300 -
27 16.10.370; the department may collect a refinancing loan origination charge as
28 provided by regulation.

29 * **Sec. 3.** AS 16.10.320(a) is amended to read:

30 (a) Except as permitted in (h) and (l) of this section, a loan under
31 AS 16.10.300 - 16.10.370

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

3 (2) may not bear interest

4 (A) exceeding the prime rate, as defined by AS 44.88.599, plus
5 two percentage points; **or**

6 (B) at a rate of more than 5.25 [10 1/2] percent a year; [OR

7 (C) AT A RATE THAT IS LESS THAN THE COST OF
8 FUNDS TO THE STATE;]

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

11 (4) may not exceed 80 percent of the appraised value of the collateral
12 used to secure the loan; and

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

16 * **Sec. 4.** AS 16.10.320(a), as amended by sec. 3 of this Act, is amended to read:

17 (a) Except as permitted in (h) and (l) of this section, a loan under
18 AS 16.10.300 - 16.10.370

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

21 (2) may not bear interest

22 (A) exceeding the prime rate, as defined by AS 44.88.599, plus
23 two percentage points; [OR]

24 (B) at a rate of more than 10 1/2 [5.25] percent a year; **or**

25 **(C) at a rate that is less than the cost of funds to the state;**

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

28 (4) may not exceed 80 percent of the appraised value of the collateral
29 used to secure the loan; and

30 (5) may not be made to a person who has a past due child support
31 obligation established by court order or by the child support services agency under

1 AS 25.27.160 - 25.27.220 at the time of application.

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

3 (d) The total of balances outstanding on loans made to a borrower under
4 AS 16.10.310(a)(1)(A) may not exceed \$400,000. The total of balances outstanding on
5 loans made to a borrower under AS 16.10.310(a)(1)(B) may not exceed **\$400,000**
6 **[\$200,000]**. The total of balances outstanding on loans made to a borrower under
7 AS 16.10.310(a)(1)(C) may not exceed \$400,000. The total of balances outstanding on
8 loans made to a borrower under AS 16.10.310(a)(1)(D) to satisfy past due federal tax
9 obligations may not exceed \$35,000. The total of balances outstanding on loans made
10 under AS 16.10.310(a)(1)(E) may not exceed \$2,000,000 for each community eligible
11 under federal statute or regulation to establish or participate in the establishment of a
12 community quota entity. The total of balances outstanding on loans made to a
13 borrower under AS 16.10.310(a)(1)(F) may not exceed \$400,000. Excluding loans
14 made under AS 16.10.310(a)(1)(E), the total of balances outstanding on all loans,
15 including debt refinancing under AS 16.10.310(a), made to a borrower under
16 AS 16.10.300 - 16.10.370 may not exceed \$400,000.

17 * **Sec. 6.** AS 16.10.320(d), as amended by sec. 5 of this Act, is amended to read:

18 (d) The total of balances outstanding on loans made to a borrower under
19 AS 16.10.310(a)(1)(A) may not exceed \$400,000. The total of balances outstanding on
20 loans made to a borrower under AS 16.10.310(a)(1)(B) may not exceed **\$200,000**
21 **[\$400,000]**. The total of balances outstanding on loans made to a borrower under
22 AS 16.10.310(a)(1)(C) may not exceed \$400,000. The total of balances outstanding on
23 loans made to a borrower under AS 16.10.310(a)(1)(D) to satisfy past due federal tax
24 obligations may not exceed \$35,000. The total of balances outstanding on loans made
25 under AS 16.10.310(a)(1)(E) may not exceed \$2,000,000 for each community eligible
26 under federal statute or regulation to establish or participate in the establishment of a
27 community quota entity. The total of balances outstanding on loans made to a
28 borrower under AS 16.10.310(a)(1)(F) may not exceed \$400,000. Excluding loans
29 made under AS 16.10.310(a)(1)(E), the total of balances outstanding on all loans,
30 including debt refinancing under AS 16.10.310(a), made to a borrower under
31 AS 16.10.300 - 16.10.370 may not exceed \$400,000.

1 * **Sec. 7.** AS 18.56.010 is amended by adding a new subsection to read:

2 (h) The legislature finds that permitting the Alaska Housing Finance
3 Corporation to create a subsidiary to assist in the financing of sustainable energy
4 development serves a public purpose benefitting the people of the state. The Alaska
5 Housing Finance Corporation is empowered to act on behalf of the state and its people
6 in serving this public purpose for the benefit of the general public.

7 * **Sec. 8.** AS 18.56.086(a) is amended to read:

8 (a) The corporation may create subsidiary corporations for the purpose of
9 financing or facilitating the financing of school construction, facilities for the
10 University of Alaska, facilities for ports and harbors, the acquisition, development,
11 management, or operation of [AFFORDABLE] housing, prepayment of all or a
12 portion of a governmental employer's share of unfunded accrued actuarial liability of
13 retirement systems, sustainable energy development, or other capital projects. A
14 subsidiary corporation created under this section may be incorporated under
15 AS 10.20.146 - 10.20.166. The corporation may transfer assets of the corporation to a
16 subsidiary created under this section. A subsidiary created under this section may
17 borrow money and issue bonds as evidence of that borrowing, and has all the powers
18 of the corporation that the corporation grants to it. However, a subsidiary created for
19 the purpose of financing or facilitating the financing of prepayment of a governmental
20 employer's share of unfunded accrued actuarial liability of retirement systems may
21 borrow money and issue bonds only after submitting a proposal to the Legislative
22 Budget and Audit Committee under (b) of this section, if the state bond rating is the
23 equivalent of AA- or better, and subject to AS 37.15.903. Unless otherwise provided
24 by the corporation, the debts, liabilities, and obligations of a subsidiary corporation
25 created under this section are not the debts, liabilities, or obligations of the
26 corporation.

27 * **Sec. 9.** AS 18.56.086 is amended by adding a new subsection to read:

28 (c) In managing a subsidiary created for the purpose of financing or
29 facilitating the financing of sustainable energy development, the corporation shall
30 consider the state energy policy described in AS 44.99.115 and shall prioritize
31 sustainable energy development that supports energy efficiency and renewable energy

1 for residential buildings, commercial buildings, and community facilities.

2 * **Sec. 10.** AS 18.56.090(e) is amended to read:

3 (e) In furtherance of its corporate purpose, the corporation may, in cooperation
4 with the Alaska Energy Authority, provide technical assistance to

5 (1) municipalities **that is** related to residential and commercial
6 building energy codes and energy efficiency standards; **and**

7 (2) **support or establish public, quasi-public, or nonprofit entities**
8 **that provide financial assistance for sustainable energy development projects in**
9 **the state or delivering energy to the state, including community and low-income**
10 **lenders and capital providers.**

11 * **Sec. 11.** AS 18.56.096(a) is amended to read:

12 (a) The corporation may not make, participate in the making of, purchase, or
13 participate in the purchase of

14 (1) a first mortgage loan under this chapter for a duplex, triplex, or
15 four-plex that exceeds the limitations on first mortgage loans for similar housing
16 purchased by the Federal National Mortgage Association as to principal amount and
17 loan-to-value ratio;

18 (2) a second mortgage loan for a duplex, triplex, or four-plex the
19 amount of which, when combined with the principal balance of a first mortgage loan
20 on the property, exceeds the limitation on the amount set out in (1) of this subsection
21 or that has a loan-to-value ratio, when considered with the principal balance of the first
22 mortgage loan, that exceeds 90 percent;

23 (3) a mortgage loan to finance the purchase of new housing or for the
24 improvement or rehabilitation of existing housing, unless the construction,
25 improvement, or rehabilitation work has been performed by a contractor who is
26 registered to work as a contractor under AS 08.18; this paragraph does not apply if the
27 construction, improvement, or rehabilitation work

28 (A) has been totally or substantially performed by the
29 borrower;

30 (B) has been performed by a borrower who acts as the
31 contractor for the construction, improvement, or rehabilitation work; or

1 (C) has been performed in an area designated by the
2 corporation as exempt from the requirements of this paragraph because of the
3 unavailability of registered contractors in that area;

4 (4) a first mortgage loan for a single-family residence that exceeds the
5 limitations on first mortgage loans for similar housing purchased by the Federal
6 National Mortgage Association as to principal amount by more than 10 percent [, OR
7 HAS A LOAN-TO-VALUE RATIO THAT EXCEEDS 95 PERCENT,] or a second
8 mortgage loan for a single-family residence, the amount of which, when combined
9 with the principal balance of a first mortgage loan on the property, [EXCEEDS THE
10 LIMITATIONS ON LOANS FOR SIMILAR HOUSING PURCHASED BY THE
11 FEDERAL NATIONAL MORTGAGE ASSOCIATION AS TO PRINCIPAL
12 AMOUNT BY MORE THAN 10 PERCENT, OR] has a loan-to-value ratio [, WHEN
13 CONSIDERED WITH THE PRINCIPAL BALANCE OF THE FIRST MORTGAGE
14 LOAN,] that exceeds 90 percent;

15 (5) a first or second mortgage loan for rental housing unless the
16 borrower agrees not to discriminate against tenants or prospective tenants because of
17 sex, marital status, changes in marital status, pregnancy, parenthood, race, religion,
18 color, national origin, or status as a student;

19 (6) a first mortgage loan if the borrower has an outstanding first
20 mortgage housing loan under this chapter or an outstanding first mortgage loan for
21 owner-occupied housing under former provisions of AS 44.47; or

22 (7) a loan to a person who has a past due child support obligation
23 established by court order or by the child support services agency under AS 25.27.160
24 - 25.27.220 at the time of application.

25 * **Sec. 12.** AS 18.56.900 is amended by adding a new paragraph to read:

26 (3) "sustainable energy development" means

27 (A) renewable energy generation from sources that are
28 continually replenished by nature, such as the sun, wind, water, or biological
29 processes;

30 (B) building energy efficiency, including switching to
31 renewable fuels and electrification;

1 (C) electrical infrastructure incorporating

2 (i) energy storage to support clean energy distribution,
3 including remote and non-remote microgrids and smart grid
4 applications; or

5 (ii) sustainable technologies, including distributed
6 generation, advanced battery, and combined heat and power;

7 (D) clean transportation, including

8 (i) electric vehicles powered by batteries, hydrogen
9 vehicles, plug-in hybrid electric vehicles, and other zero-emissions
10 vehicles for consumers, businesses, government, and public transit; and

11 (ii) electric vehicle charging and fueling infrastructure;

12 or

13 (E) any greenhouse gas emissions reduction, energy efficiency,
14 or zero-emission technology approved by the corporation.

15 * **Sec. 13.** Sections 2, 4, and 6 of this Act take effect July 1, 2027.

16 * **Sec. 14.** Except as provided in sec. 13 of this Act, this Act takes effect immediately under
17 AS 01.10.070(c).