

Statutes and Regulations

Fisheries Enhancement

Revolving Loan Fund

October 2025



DEPARTMENT OF COMMERCE,
COMMUNITY, AND ECONOMIC DEVELOPMENT

DIVISION OF INVESTMENTS

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Sec. 16.10.500. Declaration of policy.

It is the policy of the state, under AS 16.10.500 — 16.10.560, to promote the enhancement of the state's fisheries by means of grants for organizational and planning purposes to regional associations described in AS 16.10.510 that have qualified under AS 16.10.380, and by means of long-term, low interest loans for hatchery planning, construction, and operation and for planning and implementation of enhancement and rehabilitation activities including, but not limited to, lake fertilization and habitat improvement.

Sec. 16.10.505. Fisheries enhancement revolving loan fund.

(a) There is created within the Department of Commerce, Community, and Economic Development a revolving fund to be known as the fisheries enhancement revolving loan fund. Except as provided in (b) and (c) of this section, the fund shall be used to carry out the purposes of AS 16.10.500 — 16.10.560 and for no other purpose. All principal and interest payments, and money chargeable to principal or interest that is collected through liquidation by foreclosure or other process on loans made under AS 16.10.500 — 16.10.560, shall be paid into the fisheries enhancement revolving loan fund.

(b) Money in the fund may be used by the legislature to make appropriations for costs of administering AS 16.10.500 — 16.10.560.

(c) Money in the fund that the commissioner determines to be excess to that needed to carry out the purpose of AS 16.10.500 — 16.10.560 may be used to carry out the purpose of AS 16.10.300 — 16.10.370.

Sec. 16.10.507. Foreclosure expense account.

(a) There is established as a special account within the fisheries enhancement revolving loan fund the foreclosure expense account. This account is established as a reserve from fund equity.

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

Sec. 16.10.510. Powers and duties of the commissioner.

The commissioner may

(1) make loans to permit holders, under AS 16.10.400 — 16.10.470, including those holders issued permits before June 24, 1977, for the planning, construction, and operation of hatchery facilities;

(2) make loans to qualified regional associations that have formed a nonprofit corporation or a local nonprofit corporation approved by a qualified regional association, for preconstruction activities necessary to obtain a permit;

(3) designate agents and delegate powers to them as necessary;

(4) adopt regulations necessary to carry out the provisions of AS 16.10.500 — 16.10.560, including regulations to establish reasonable fees for services provided;

(5) establish amortization plans for repayment of loans, not to exceed 30 years unless the commissioner has extended the term of the loan beyond 30 years under (11) of this section;

(6) establish the rate of interest for loans not to exceed nine and one-half percent a year;

(7) establish regional and local offices and advisory groups to carry out, or assist in carrying out, the duties and authority of the commissioner;

(8) make grants for organizational and planning purposes to qualified regional associations that have formed a nonprofit corporation, in amounts not exceeding \$100,000 per region and up to an additional \$100,000 on a 50/50 cash matching basis with the regional associations that have an authorized royalty assessment under AS 16.10.540; the state portion of the matching share shall be available when a final vote for assessments is made under AS 16.10.540; this provision also applies to qualified regional associations that have formed a nonprofit corporation before June 24, 1977;

(9) make loans to qualified regional associations that have formed a nonprofit corporation or to local nonprofit corporations approved by qualified regional associations for planning and implementation of fisheries enhancement and rehabilitation activities including, but not limited to, lake fertilization and habitat improvement;

(10) refinance a debt obligation incurred by a borrower under this section if the borrower otherwise qualifies for a loan under AS 16.10.500 — 16.10.560; the interest rate for a loan to refinance a debt obligation incurred under this section may not exceed the interest rate that is in effect for new loans under this section at the time that the loan commitment for the refinancing loan is made; a loan made under this paragraph is not subject to AS 16.10.525;

(11) extend the term of a loan made under this section if the commissioner finds that extension of the term of the loan would alleviate an undue financial hardship on the borrower; the commissioner shall submit annually a report to the legislature summarizing the commissioner's decisions during the prior calendar year to approve or deny requests to extend loans under this paragraph and the reasons for the decisions;

(12) charge and collect the fees established under this section.

Sec. 16.10.520. Limitation on loans.

(a) A single fisheries enhancement loan may not exceed \$10,000,000 for a hatchery or other enhancement or rehabilitation activity conducted under a permit granted to a qualified regional association that has formed a nonprofit corporation, or to a local nonprofit corporation approved by a qualified regional association. A loan for any other nonprofit hatchery corporation project may not exceed \$1,000,000.

(b) Loans for the total project costs may be made if the commissioner determines that the applicant has sufficient financial resources to insure the establishment of an equity position in the project equal to 10 percent of the loan within 10 years or less, either through a royalty assessment levied under AS 16.10.540 or other means approved by the commissioner. For purposes of this subsection, "total project costs" includes planning and construction costs for the facility and the cost of operations for not more than the first 10 years. The costs for operations shall be loaned on an annual basis.

(c) All loans shall be secured by collateral satisfactory to the commissioner, including but not limited to a first deed of trust, assignment of lease and leasehold improvements, sale of surplus fish from the hatchery, or royalty assessments from fishermen levied under AS 16.10.540.

(d) The commissioner may require adequate evidence of performance in utilizing loan funds approved for an initial or preliminary project before approving a subsequent loan application.

(e) The total amount of loans made or purchased in any fiscal year may not exceed the amount specifically authorized by statute.

(f) The commissioner may not make a loan under AS 16.10.500 — 16.10.550 from funds available under AS 16.10.340(c), unless the commissioner determines, in consultation with the appropriate regional planning team established under AS 16.10.375, that the hatchery or other enhancement or rehabilitation activity for which the loan is requested will provide a significant contribution to common property fisheries, be operated in a manner beneficial to the public interest, and be managed in a financially viable manner that is reasonably expected to result in repayment of the loan.

Sec. 16.10.525. Repayment of principal and interest on loans.

The commissioner may not require the repayment of principal on a loan made under AS 16.10.510 for the initial period of the loan. Interest on the principal of a loan made under AS 16.10.510 does not accrue during the initial period of the loan. In this subsection, the “initial period of the loan” means a period of time determined by the commissioner that is not less than six years or more than 10 years from the date the loan is made.

Sec. 16.10.530. Royalty assessment on sale of salmon. [Repealed, § 67 ch 6 SLA 1984.]

Sec. 16.10.540. Voluntary assessment on sale of salmon.

(a) An association of persons who hold entry permits under AS 16.43, that consists of at least 51 percent of the persons holding entry permits and actively participating in a fishery to be benefited by a hatchery program, may levy and collect an assessment from among its members for the purpose of securing and repaying a loan made under AS 16.10.510.

(b) Upon satisfactory demonstration to the commissioner that an assessment levied under this section may reasonably be relied upon to secure and repay a loan to be made under AS 16.10.510, the commissioner may make the loan.

(c) [Repealed, § 33 ch 14 SLA 1987.]

Sec. 16.10.550. Sale or transfer of mortgages and notes. [Repealed, § 14 ch 122 SLA 1980.]

Sec. 16.10.555. Disposal of property acquired by default or foreclosure.

The Department of Commerce, Community, and Economic Development shall dispose of property acquired through default or foreclosure of a loan made under AS 16.10.500 — 16.10.560. Disposal shall be made in a manner that serves the best interests of the state, and may include the amortization of payments over a period of years.

Sec. 16.10.560. Definitions.

In AS 16.10.500 — 16.10.560,

(1) “commissioner” means the commissioner of commerce, community, and economic development;

(2) “hatchery” means a facility for the artificial incubation of salmon eggs, which may include means for the rearing of juvenile salmon.

CHAPTER 81
FISHERIES ENHANCEMENT LOANS AND GRANTS

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3 AAC 81.010. Loan application process.

- (a) To apply for a loan for planning, construction, or operation of a hatchery, preconstruction activities necessary to obtain a permit, or for planning and implementation of nonhatchery fisheries enhancement activities and rehabilitation, including lake fertilization and habitat improvement, an applicant shall file with the department
- (1) a completed application for a fisheries enhancement loan, on a form provided by the department;
 - (2) a letter of intent stating the amount requested, a schedule of acceptable collateral and the intended use of the proposed loan money, on a form provided by the department;
 - (3) copies of all permits, including copies of permits necessary to construct the hatchery facility;
 - (4) a copy of the general contractor's bid or an estimate of construction costs for the hatchery and an estimate of operating costs; costs in excess of \$100,000 may be required to be supported by a minimum of two competitive bids;
 - (5) a copy of the statement of nonprofit status issued by the United States Internal Revenue Service or the department;
 - (6) a letter from the qualified regional association in that area approving the local nonprofit association, if the loan request is from a local nonprofit corporation and is for preconstruction activities or exceeds \$1,000,000;
 - (7) a financial statement, including the most recent annual statement, the current month-end statement, and the terms of all outstanding state loans, on a form provided by the department;
 - (8) a projected statement of profit and loss, including actual figures currently available, and forecasted future state loan requirements, using the sample format provided by the department or a similar format acceptable to the department;
 - (9) the names of officers and principal employees of the corporation, and a brief resume of their professional background and experience, on a form provided by the department;
 - (10) a corporate resume, on a form provided by the department or other form acceptable to the department;
 - (11) a signed credit authorization, on a form provided by the department;
 - (12) a corporate resolution signed by the corporate president and secretary, authorizing the corporation to apply for a loan and authorizing an officer or agent to provide information and documentation necessary for loan approval, on a form provided by the department;
 - (13) a consent to release information, on a form provided by the department;

(14) a \$100 nonrefundable application fee;
(15) a signed copy of the applicant's federal income tax returns for the most recent year; and
(16) any other information that might be helpful to an applicant in demonstrating eligibility for a loan, as requested by the department.

(b) A loan for preconstruction activities may be initiated by filing the materials listed in (a) of this section, except for the materials listed in paragraphs (a)(3) and (4) of this section.

(c) A loan for planning and implementation of nonhatchery fisheries enhancement and rehabilitation activities may be initiated by filing the materials listed in (a) of this section, except for the material listed in (a)(4) of this section. An applicant for a loan under this subsection shall also submit a statement, as detailed as possible, indicating the benefits to the fisheries of the area likely to result from the enhancement and rehabilitation activities.

(d) The department will, in its discretion, process an application for a loan without the information described in (a) of this section, if the department determines that the department can make an informed lending decision without access to the information.

Authority: AS 16.10.510

3 AAC 81.012. Grant application process.

(a) To apply for a grant under AS 16.10.510(9) an applicant shall file with the department

(1) a letter stating the proposed use of the grant, including a list of goals and objectives to be accomplished through the use of the grant;

(2) a proposed budget;

(3) a copy of a letter from the Department of Fish and Game certifying the applicant as a regional association under AS 16.10.380;

(4) the names of officers and principal employees of the association and a brief resume of their professional background and experience;

(5) a proposed disbursement schedule, not to exceed one year, for the grant; and

(6) other information that may be relevant to the grant application.

(b) A grant application may be approved by a loan committee if the loan committee determines that the grant would contribute to the future development of the state's fisheries.

(c) A loan committee may rely on technical assistance provided by the Department of Fish and Game in acting on a grant application.

Authority: AS 16.10.510

3 AAC 81.015. Examination.

(a) The materials described in 3 AAC 81.010 will be processed and evaluated by a loan officer. The loan officer will evaluate the applicant's eligibility, financial and credit history, operating plan, ability to repay, and proposed collateral.

(b) On the basis of the evaluation, the loan officer will either inactivate the application, due to lack of information required under 3 AAC 81.010 or ineligibility of the applicant, or recommend proposed action on the loan request to the appropriate loan committee; however, the recommendation of a loan officer is not binding on a loan committee.

Authority: AS 16.10.510

3 AAC 81.020. Loan committee.

(a) A loan committee consists of one or more persons appointed by the director to act on loan and grant requests.

(b) A loan committee may approve, deny, or modify and approve a loan or grant request, or may table a loan or grant request subject to obtaining additional information.

(c) A loan committee may impose reasonable conditions on the approval of a loan or grant request, including

(1) additional collateral to secure the loan;

(2) additional guarantors; and

(3) subordination of prior lienholders' rights to the interests of the state.

(d) A loan committee shall consider an applicant's eligibility for a loan, corporate management, financial and credit record, ability to repay, operating plan, and the adequacy of collateral offered to secure the loan. A loan

committee may also consider the recommendations of the loan examiner assigned to process the loan application and any other relevant information.

(e) A loan committee may fix, within the requirements set by AS 16.10.510 and 16.10.520, the term of a loan and repayment schedule.

(f) If a loan or grant request is denied or significantly modified by a loan committee, the loan committee will provide the applicant with a statement of the reasons for the action and the information relied on.

(g) A material misstatement or omission of fact made by an applicant constitutes grounds for denial of a loan or grant request.

Authority: AS 16.10.510

3 AAC 81.025. Corporate management.

The department will, in its discretion, consider the previous fisheries and nonfisheries business experience of the corporate officers and principal employees in evaluating assessing an applicant's corporate management.

Authority: AS 16.10.510 AS 16.10.520(d)

3 AAC 81.035. Eligibility.

To be eligible for a loan or grant under AS 16.10.510, an applicant shall provide proof of

(1) issuance of a Department of Fish and Game permit under AS 16.10.400 if applying for a loan for the construction and operation of hatchery facilities;

(2) certification of the applicant as a regional association under AS 16.10.380 or approval by the qualified regional association, if applying for a loan for fisheries enhancement and rehabilitation activities or preconstruction activities necessary to obtain a hatchery permit from the Department of Fish and Game; or

(3) certification of the applicant as a regional association under AS 16.10.380 if applying for a grant for organizational and planning purposes.

Authority: AS 16.10.510

3 AAC 81.040. Financial and credit record.

(a) The department will, in its discretion, consider the following factors in evaluating an applicant's financial and credit record:

(1) existing and prior debts;

(2) credit reports obtained from creditors and private credit reporting services;

(3) prior loan history with the department;

(4) timeliness in making payments on loans and other debts;

(5) prior bankruptcies;

(6) existence of tax liens;

(7) unpaid judgments and prior foreclosures; and

(8) financial and credit reputation.

(b) Information establishing unacceptable credit will be more heavily weighed by the department if it has occurred in recent years.

Authority: AS 16.10.510 AS 16.10.520

3 AAC 81.045. Ability to repay.

(a) The department will, in its discretion, consider the following factors in evaluating an applicant's ability to repay a proposed loan:

(1) income history, including present income;

(2) prospects for future income;

(3) assets and their liquidity;

(4) liabilities;

(5) reasonableness of projected profit and loss statement; and

(6) other relevant experience.

(b) The department will, in its discretion, compare revenue projections contained in an applicant's profit and loss statement with information it acquires through its own efforts or from the Department of Fish and Game.

Authority: AS 16.10.510

3 AAC 81.050. Collateral.

A loan must be secured by collateral acceptable to the department, such as an assignment of future revenue and the proceeds of sale of surplus fish and eggs, and may include a mortgage or other security instrument in real property, buildings, machinery and equipment, and fixtures.

Authority: AS 16.10.510 AS 16.10.520

3 AAC 81.055. Lending practices.

(a) Loans may be made for planning and construction of fish hatchery facilities, including preconstruction activities necessary to obtain a permit.

(b) Repealed 7/4/91.

(c) Loan money may not be used to reimburse an applicant for expenses paid more than six months before receipt of the application by the department.

(d) A loan will not be approved for refinancing long-term debt. Interim or construction financing is not considered long-term debt if the term is 12 months or less and the promissory note or the original agreement was executed less than six months before receipt of the application by the department.

(e) The department will quarterly set the interest rate for a loan under this chapter. The interest rate set for a quarter remains in effect until the department changes the rate. The interest rate set by the department is based on the bank prime rate listed in the Wall Street Journal during the previous quarter plus one percentage point, not to exceed the maximum interest allowed under AS 16.10.510(6). The interest rate will be established at the nearest 1/2 point. The interest rate will not be less than five percent a year.

(f) The interest rate for a loan is the quarterly interest rate in effect at the time the loan commitment is made. The interest rate for a loan will be at a fixed rate for the term of the loan.

Authority: AS 16.10.510

3 AAC 81.060. Initial loan period.

(a) At the time a loan is made the department will, in its discretion, consider the following factors in setting the initial loan period:

(1) The time needed to build brood stock to a production level;

(2) the financial need of the permit holder; and

(3) other factors the department considers appropriate to preserve the security of the state and its investment.

(b) The department will, in its discretion, extend the term of the initial loan period at any time during the first 10 years of the loan only if an extension of the initial loan period is in the best interest of the state. The term of the initial period, as extended, will not exceed 10 years.

Authority: AS 16.10.510 AS 16.10.525

3 AAC 81.065. Disbursement of loan money.

Loan money will be disbursed when

(1) a security interest in the collateral on behalf of the state has been perfected;

(2) the borrower has complied with the insurance requirements contained in an instrument signed by the borrower;

(3) requirements of the loan committee have been met; and

(4) the borrower is in compliance with all other provisions of the loan documents and this chapter.

Authority: AS 16.10.510 AS 16.10.520

3 AAC 81.070. Supervision of loans and grants.

(a) As a condition of a loan and while there is an outstanding loan balance or if the loan is in default, the department will, in its discretion, require the borrower to furnish annual financial statements consisting of a balance sheet, profit and loss statement, sources and application of all money received and a schedule of change

of owner's equity. The department will, in its discretion, 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.

(b) The department will, in its discretion, exchange information with the Department of Fish and Game, including copies of reports filed under AS 16.10.470, to assure compliance with loan terms.

Authority: AS 16.10.510

3 AAC 81.075. Costs.

(a) All expenses incurred by the department in processing an application must be paid by the applicant. These expenses include the cost of title reports and insurance, recording fees, appraisals, surveys, travel, and other direct costs.

(b) An origination fee of not more than one percent of the total loan amount, to be set annually by the department, or an assumption fee of not more than one percent of the loan balance, to be set annually by the department, is due from the borrower when all provisions of 3 AAC 81.065 have been met.

(c) A late fee not to exceed five percent of the payment amount will, in the department's discretion, be charged to a borrower for each loan payment that is more than 15 days past due.

(d) An extension fee not to exceed \$100 will, in the department's discretion, be charged to a borrower to process a loan extension.

Authority: AS 16.10.510

3 AAC 81.080. Assumptions.

(a) A request to assume the obligations and benefits of a loan made under AS 16.10.500 - 16.10.620 and this chapter will be processed in the same manner as a loan request.

(b) A loan committee may permit an assumption if the applicant is a good financial risk and the security of the state's investment is preserved.

(c) Wraparound financing that includes a loan made under AS 16.10.500 - 16.10.620 and this chapter is prohibited, and constitutes a default on the loan.

Authority: AS 16.10.510

3 AAC 81.081. Closing an assumption.

An assumption agreement will be considered by the department to be closed when

(1) all required signatures have been obtained and the assumption agreement has been properly recorded;

(2) the borrower has complied with the insurance requirements contained in an instrument signed by the borrower;

(3) all requirements of the loan committee have been met; and

(4) the borrower is in compliance with all other provisions of the loan documents and this chapter.

Authority: AS 16.10.510

3 AAC 81.082. Modifications.

(a) A request for a modification to a loan made under AS 16.10.500 - 16.10.620 and this chapter will be processed in the same manner as a loan application. The department will, in its discretion, require one or more of the items specified in 3 AAC 81.010.

(b) A loan committee may permit a loan modification only if the security of the state and its investment is preserved.

Authority: AS 16.10.510

3 AAC 81.085. Reconsideration of loan or grant request.

(a) If a loan or grant request is denied, inactivated, or significantly modified by the department, an applicant may file a written request for reconsideration within 30 days after receipt of notice of the department's decision.

(b) The department will, in its discretion, reconsider a request upon a showing by the applicant that

(1) there has been a substantial change in the circumstances leading to the department's decision;

- (2) additional relevant information can be provided to the department that was not initially available; or
- (3) administrative errors were made by the department.

Authority: AS 16.10.510

3 AAC 81.090. Confidentiality of loan information.

(a) The following information is not confidential and is available for public inspection upon request:

- (1) a document that is already a public record, including deeds of trust, financing statements, warranty deeds, bills of sale, mortgages, liens, and vehicle titles;
- (2) general information regarding loans, including the original loan amount, loan terms, personal guarantees, and disbursement and repayment schedules;
- (3) insurance matters, including title insurance policies and correspondence with insurance companies or borrowers regarding losses, accident reports, and nonpayment of premiums; and
- (4) foreclosure and default proceedings.

(b) The following information is confidential and is not subject to public disclosure:

- (1) personal and financial information, including income tax returns, financial statements, business income statements, pro forma profit and loss statements, credit information obtained directly from banks and other creditors, and reports obtained from consumer reporting agencies;
- (2) loan committee memoranda and minutes containing information relating to creditworthiness of the applicant; and
- (3) the payment history on a loan unless the loan is in default.

(c) Information not described in (a) or (b) of this section may be subject to public disclosure. Requests for disclosure must be made, and will be determined, in accordance with 2 AAC 96. Upon receipt of a request for disclosure, the department will notify the loan applicant and other persons with a privacy interest in the request, to permit them to present reasons why the requested information should not be disclosed.

Authority: Ak Const. Art. I AS 16.10.510
AS 40.25.120 AS 40.25.110

3 AAC 81.900. Definitions.

Unless the context requires otherwise, in this chapter

- (1) repealed 8/10/97;
- (2) "default" includes a violation of any provision of AS 16.10.500 - 16.10.620 and this chapter, or the loan documents, failure to make the necessary payment within 15 days after it is due, or failure to maintain the insurance required by the department;
- (3) "department" means the Department of Commerce, Community, and Economic Development;
- (4) "wraparound financing" means a contract that includes the balance due on an existing debt and an additional amount to cover the difference between the selling price and the existing debt;
- (5) "production level" means a level of broodstock development that will sustain brood stock and cost recovery needs without using more than 50 percent of the forecasted resource; and
- (6) "director" means the director of the division assigned economic development functions or its successor agency in the department.

Authority: AS 16.10.510