

Statutes and Regulations

Mariculture Revolving Loan Fund

October 2025



DEPARTMENT OF COMMERCE,
COMMUNITY, AND ECONOMIC DEVELOPMENT
DIVISION OF INVESTMENTS

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Sec. 16.10.890. Declaration of policy.

It is the policy of the state, under AS 16.10.890 — 16.10.945, to promote mariculture and the enhancement of the state's shellfish fisheries by means of long-term, low-interest loans.

Sec. 16.10.900. Mariculture revolving loan fund.

(a) The mariculture revolving loan fund is created in the Department of Commerce, Community, and Economic Development to carry out the purposes of AS 16.10.890 — 16.10.945.

(b) The mariculture revolving loan fund consists of the following:

- (1) money appropriated to, transferred to, or received by gift, grant, devise, bequest, or donation to the fund;
- (2) principal and interest payments or other income earned on loans or investments of the fund; and
- (3) money chargeable to principal or interest that is collected through liquidation by foreclosure or other process on loans made under AS 16.10.890 — 16.10.945.

(c) Money in the fund may be used by the legislature to make appropriations for costs of administering AS 16.10.890 — 16.10.945.

(d) Of the total amount available annually to the department to carry out the purposes of AS 16.10.890 — 16.10.945, less any funds appropriated under (c) of this section, 60 percent shall be available solely for making loans under AS 16.10.910(a)(1) and the remainder shall be available solely for making loans under AS 16.10.910(a)(2).

Sec. 16.10.905. Powers and duties of the department.

The department may

(1) make loans to eligible applicants under AS 16.10.890 — 16.10.945 for the planning, construction, and operation of a

- (A) mariculture business;
- (B) hatchery that artificially propagates marine aquatic plants or shellfish; or
- (C) a shellfish enhancement project;

(2) receive, take, hold, and administer any appropriation, transfer, gift, grant, bequest, devise, or donation of money for the fund;

(3) establish amortization plans for repayment of loans, including extensions of the terms of loans;

- (4) allow an assumption of a loan if
 - (A) the applicant meets the requirements established under this section; and
 - (B) approval of the assumption would be consistent with the purposes of AS 16.10.890 — 16.10.945;
- (5) establish the rate of interest for loans consistent with law;
- (6) charge and collect fees for services provided under AS 16.10.890 — 16.10.945;
- (7) adopt regulations under AS 44.62 necessary to carry out the provisions of AS 16.10.890 — 16.10.945, including regulations to establish reasonable fees for services provided; and
- (8) designate agents and delegate powers as necessary to the agents.

Sec. 16.10.910. Eligibility.

- (a) For an applicant to be eligible for a loan under AS 16.10.890 — 16.10.945, the applicant shall be
 - (1) a resident of the state who has
 - (A) a permitted mariculture farm location in this state; and
 - (B) experience or training in the mariculture industry; or
 - (2) a resident of the state or entity organized under the laws of this state that
 - (A) holds a permit under AS 16.40.100 to operate a hatchery for the purpose of producing aquatic plants or shellfish; or
 - (B) conducts shellfish enhancement projects.
- (b) In addition to the requirements set out in (a) of this section, the applicant
 - (1) may not be eligible for financing from other recognized commercial lending institutions; or
 - (2) shall be able to obtain only a portion of the total loan request from a recognized commercial lending institution.
- (c) To meet the residency requirements of (a) of this section, an individual applicant
 - (1) shall physically reside in this state and maintain a domicile in this state during the 24 consecutive months preceding the date of application for the program; and
 - (2) may not have
 - (A) declared or established residency in another state; or
 - (B) received residency or a benefit based on residency from another state.

Sec. 16.10.915. Limitations on loans.

- (a) Except as provided in (b) and (c) of this section, a loan under AS 16.10.890 — 16.10.945
 - (1) may not exceed
 - (A) \$100,000 a year for an applicant under AS 16.10.910(a)(1); or
 - (B) \$1,000,000 a year for an applicant under AS 16.10.910(a)(2);
 - (2) may not, unless extended under AS 16.10.905, exceed a term of
 - (A) 20 years for an applicant under AS 16.10.910(a)(1); or
 - (B) 30 years for an applicant under AS 16.10.910(a)(2);

(3) may not bear interest at a rate greater than the prime rate, as defined in AS 44.88.599, plus one percentage point, but which may not be less than five percent a year or more than nine percent a year;

(4) must be secured by a first priority lien on collateral acceptable to the department; and

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

(b) Subsequent loans may be made to a borrower under

(1) AS 16.10.910(a)(1), if the total of the balances outstanding on the loans received by the borrower does not exceed \$300,000; or

(2) AS 16.10.910(a)(2), if the total of the balances outstanding on the loans received by the borrower does not exceed \$1,000,000.

(c) A loan under AS 16.10.910 may be made for the purchase of boats or vessels determined to be integral to the operation of the farm or hatchery.

(d) For a loan made under AS 16.10.890 — 16.10.945, the department may provide a reduction of the interest rate of not more than two percent if at least 50 percent of the loan proceeds are used by the borrower for purchasing products manufactured or produced in the state. When the department offers a reduction under this subsection, the department shall provide the reduction to all loan applicants who meet the criterion described in this subsection. In this subsection, “manufactured or produced” means processing, developing, or making an item into a new item with a distinct character and use.

(e) The department may not make a loan to an applicant under AS 16.10.910(a)(2) for a hatchery or shellfish enhancement project unless the department determines that the hatchery or enhancement project will

(1) be managed in a financially viable manner that is reasonably expected to result in repayment of the loan; and

(2) provide a significant contribution to common property fisheries or otherwise benefit the public interest.

Sec. 16.10.920. Repayment of principal of and interest on loans.

The department may not require the repayment of the principal of and interest on a loan made under AS 16.10.910 during the first six years of the loan. However, for a loan made under AS 16.10.910(a)(2), the department may defer repayment of the principal of and interest on the loan for an additional period not to exceed the first 11 years of the loan. The department may provide that interest on the principal of a loan made under AS 16.10.910(a)(1) does not accrue during a period not to exceed the first six years of the loan. For a loan made under AS 16.10.910(a)(2), the department shall provide that interest on the principal of the loan does not accrue during the first six years of the loan, and the department may provide that interest on the principal of the loan does not accrue during an additional period not to exceed the first 11 years of the loan.

Sec. 16.10.923. Voluntary assessment on sale of shellfish.

(a) An association of persons who hold entry permits under AS 16.43 comprising 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 16.10.890 — 16.10.945.

(b) Upon satisfactory demonstration to the department that an assessment levied under this section may reasonably be relied on to secure and repay a loan to be made under AS 16.10.890 — 16.10.945, the department may make the loan.

Sec. 16.10.925. Default.

If the borrower defaults on a note, the department shall notify the borrower of the default and the consequences of default by mailing a notice to the borrower's most recent address provided to the department by the borrower or obtained by the department.

Sec. 16.10.930. Special account established.

(a) The foreclosure expense account is established as a special account in the mariculture revolving loan fund.

(b) The department may expend money credited to the foreclosure expense account when necessary to protect the state's security interest in collateral on loans granted under AS 16.10.910 or to defray expenses incurred during foreclosure proceedings after an obligor defaults.

Sec. 16.10.935. Disposal of property acquired after default.

The department shall dispose of property acquired through default of a loan made under AS 16.10.890 — 16.10.945. Disposal must be made in a manner that serves the best interest of the state and may include the amortization of payments over a period of years.

Sec. 16.10.940. Waiver of confidentiality.

The commissioner may release information about the borrower's loan to any individual if release of the information has been authorized by the borrower.

Sec. 16.10.945. Definitions.

In AS 16.10.890 — 16.10.945,

- (1) “commissioner” means the commissioner of commerce, community, and economic development;
- (2) “department” means the Department of Commerce, Community, and Economic Development;
- (3) “hatchery” has the meaning given in AS 16.40.199;
- (4) “mariculture” means the farming of shellfish and aquatic plants as defined in AS 16.40.199;
- (5) “shellfish enhancement project” means a project to
 - (A) augment the yield or harvest of shellfish above naturally occurring levels using a natural, artificial, or semiartificial production system; or
 - (B) rehabilitate a shellfish stock by restoring it to its naturally occurring levels of productivity.

CHAPTER 80 COMMERCIAL FISHING LOANS

Article

- 1. Community Fishing Revolving Loan Fund (3 AAC 80.010 – 3 AAC 80.180)**
- 2. Community Quota Entity Revolving Loan Fund (3 AAC 80.200 – 3 AAC 80.265)**
- 3. Community Charter Fisheries Revolving Loan Fund (3 AAC 80.310 – 3 AAC 80.380)**
- 4. Mariculture Revolving Loan Fund (3 AAC 80.410 – 3 AAC 80.480)**
- 5. General Provisions (3 AAC 80.900)**

ARTICLE 4 MARICULTURE REVOLVING LOAN FUND

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- 410. Application process**
- 415. Examination**
- 420. Loan committee**
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3 AAC 80.410. Application process.

(a) To apply for a loan for a mariculture business under AS 16.10.910(a)(1), an applicant shall file with the department

- (1) a completed mariculture revolving loan application, on a form provided by the department;
- (2) a completed residency questionnaire, on a form provided by the department;
- (3) a letter of intent that states the amount requested and the intended use of the proposed loan money consistent with AS 16.10.900 - 16.10.945, on a form provided by the department;
- (4) a schedule of acceptable collateral that includes collateral now owned and other collateral to be acquired with the loan proceeds, on a form provided by the department;
- (5) an individual financial statement that includes a current balance sheet and a profit and loss statement, on a form provided by the department;
- (6) a statement of projected income and expenses for the following year's. operating plan, on a form provided by the department;
- (7) a copy of the Department of Natural Resources aquatic farm application and all attachments;
- (8) a copy of the aquatic farm lease;
- (9) a copy of the aquatic farm operation permit;
- (10) a copy of the special area permit, if applicable;
- (11) a copy of the applicant's federal income tax returns for the preceding three years, and for additional years if necessary to establish eligibility;
- (12) a signed credit authorization, on a form provided by the department;
- (13) a resume that identifies any permit, certificate, or license held by the applicant and summarizes the applicant's experience and education in the mariculture industry, on a form provided by the department;
- (14) consent to release information, on a form provided by the department;

(15) a copy of any purchase agreement, estimate, invoice, or other documentation regarding the intended use of loan proceeds;

(16) if a vessel is used for collateral, a marine survey of the vessel that is acceptable to the department; the survey must be less than 90 days old and include pictures of the vessel;

(17) the application fee required by 3 AAC 80.455(b); and

(18) any other information requested by the department needed to process the application.

(b) To apply for a loan for the operation of a hatchery for the purpose of propagation of marine aquatic plants or shellfish, or a shellfish enhancement project under AS 16.10.910 (a)(2) an applicant shall file with the department

(1) a completed mariculture hatchery revolving loan application, on a form provided by the department;

(2) a completed residency questionnaire, on a form provided by the department;

(3) a letter of intent stating the amount requested and the intended use of the proposed loan money consistent with AS 16.10.900 - 16.10.945, on a form provided by the department;

(4) a copy of any permit necessary to operate the hatchery, including any permit necessary for construction of the hatchery facility;

(5) a schedule of acceptable collateral that includes collateral now owned and other collateral to be acquired with the loan proceeds, on a form provided by the department;

(6) a financial statement that includes the most recent annual statement, current month end statement, on a form provided by the department;

(7) a statement of projected income and expenses for the following year's operating plan that includes actual figures currently available and forecasted future funding requirements, using the sample format provided by the department or a similar format acceptable to the department;

(8) a consent to release information, on a form provided by the department;

(9) the application fee required by 3 AAC 80.455(b);

(10) a signed copy of the applicant's federal income tax return for the most recent year; and

(11) any other information requested by the department needed to process the application.

(c) In addition to the requirements under (b) of this section, if the applicant for the operation of a hatchery for the purpose of propagation of marine aquatic plants or shellfish, or a shellfish enhancement project under AS 16.10.910 (a)(2) is an entity organized under the law of this state, the applicant shall file with the department

(1) a copy of the statements or articles issued by the state to organize the applicant entity;

(2) the name and resume of each officer and principal employee of the corporation that includes each officer or employee's professional background and experience; and

(3) a corporate resolution signed by the corporate president and secretary that authorizes the corporation to apply for a loan and authorizes an officer or agent to provide information and documentation necessary for loan approval.

(d) The department may process a loan request without the information described in (a) through (c) of this section if the department determines that the information is not necessary for making the lending decision.

Authority: AS 16.10.905

3 AAC 80.415. Examination.

(a) A loan officer will process and evaluate the material described in 3 AAC 80.410. The loan officer will evaluate the applicant's eligibility, corporate management, financial and credit history, operating plan, experience, ability to repay, and proposed collateral.

(b) On the basis of the evaluation, the loan officer will

(1) inactivate an application if

(A) the application does not contain information required under 3 AAC 80.410; or

(B) the applicant is ineligible for the loan for which the applicant applied; or

(2) recommend proposed action on the applicant's loan application to the appropriate loan committee; a loan officer's recommendation is not binding on a loan committee.

Authority: AS 16.10.905

3 AAC 80.420. Loan committee.

(a) The director shall appoint a loan committee of one or more persons to act on a loan application.

- (b) A loan committee may approve, deny, or modify a loan request. If the loan committee requires additional information regarding a loan application, the loan committee may table the loan application until the applicant submits the additional information.
- (c) A loan committee may impose reasonable conditions on the approval of a loan, including
- (1) additional collateral to secure the loan;
 - (2) additional guarantors; and
 - (3) subordination of prior lien holders' rights to the interests of the state.
- (d) A loan committee shall consider the applicant's eligibility for a loan, corporate management, financial and credit record, ability to repay, operating plan, experience, and the adequacy of collateral offered to secure the loan. A loan committee may also consider the recommendation of the loan officer assigned to process the application and any other relevant information.
- (e) A loan committee may fix the term of a loan and repayment schedule within the limitations set by AS 16.10.915.
- (f) If a loan request is denied or significantly modified by a loan committee, the loan committee shall 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 request.

Authority: AS 16.10.905 AS 16.10.915

3 AAC 80.425. Residency requirements.

- (a) To determine if an applicant fulfills the 24 consecutive month residency requirement under AS 16.10.910, the loan committee may consider any information that would indicate the applicant's residency, including whether the applicant
- (1) registered to vote in the state;
 - (2) maintains a permanent place of abode in the state;
 - (3) files tax returns with a return address located in the state;
 - (4) has registered or licensed personal property in the state, including a car, boat, truck, or trailer;
 - (5) has a valid driver's license issued by the state;
 - (6) maintains a bank account, savings account, a line of credit, or other financial relationship with an institution located in the state;
 - (7) has claimed or received any state benefit as a resident;
 - (8) has received a permanent fund dividend;
 - (9) owns real property in the state; or
 - (10) is a registered entity organized under the laws of the state.
- (b) If two or more individuals apply jointly or as an entity, all parties must establish residency.

Authority: AS 16.10.905 AS 16.10.910

3 AAC 80.430. Financial and credit record.

- (a) To evaluate an applicant's financial and credit record, the department may consider the applicant's
- (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) existence of tax liens;
 - (6) judgments and foreclosures; and
 - (7) financial and credit reputation.
- (b) The department will weigh activity that establishes unacceptable credit more heavily if the activity occurred within ten years of the application date.

Authority: AS 16.10.905

3 AAC 80.435. Ability to repay.

- (a) To evaluate an applicant's ability to repay a loan, the department may consider the applicant's
- (1) income history, including present income;

- (2) prospects for future income;
- (3) assets;
- (4) liabilities;
- (5) reasonableness of the projected profit and loss statement; and
- (6) other relevant information or experience.

(b) To determine the reasonableness of an applicant's revenue projection, the department may compare the revenue projections in the applicant's profit and loss statement with

- (1) information the department acquires independently; or
- (2) the actual revenue of other mariculture operators in similar circumstances.

Authority: AS 16.10.905

3 AAC 80.440. Collateral.

(a) A vessel that can be documented must be documented to be acceptable collateral. If a vessel is offered as collateral for a loan, the department or the department's designee shall be permitted to inspect the vessel before making the loan.

(b) A loan will only be made if the items purchased with loan proceeds are placed on the loan as collateral and are placed in the name of the applicant.

Authority: AS 16.10.905 AS 16.10.915

3 AAC 80.445. Lending practices.

(a) The department will not approve a loan to refinance long-term debt. Interim financing is not considered long-term debt if the term is 24 months or less and the promissory note or the original agreement was executed less than 12 months before the department received the application.

(b) An applicant may not use loan proceeds for the reimbursement of purchases made more than 12 months before the department received the application.

(c) The department will set the interest rate for loans under 3 AAC 80.410 - 3 AAC 80.480 on the first day of each calendar quarter. The interest rate set for a quarter will remain in effect until the department changes the rate, will not exceed the maximum or minimum interest allowed under AS 16.10.915(a)(3), and will be established at the nearest onequarter point. The interest rate set will be based on the bank prime rate during the previous quarter as defined in AS 44.88.599.

(d) A loan's interest rate is the interest rate in effect at the time the loan commitment is made and will be at a fixed rate for the loan's term.

(e) At the time the loan is made, the department may consider the following factors in setting repayment terms of the loan as allowed under AS 16.10.920:

- (1) the time needed to build stock;
- (2) the financial need and viability of the permit holder;
- (3) public or economic benefit;
- (4) any other factor the department considers appropriate to preserve the security of the state and its investment.

(f) The department may modify the loan deferral period at any time during the first six years of the loan as allowed under AS 16.10.920.

Authority: AS 16.10.905 AS 16.10.915 AS 16.10.920

3 AAC 80.450. Disbursement of loan money.

Loan money will be disbursed when

(1) the state has perfected a security interest in the collateral, except that, in the case of a mortgage on a documented vessel, an applicant may satisfy this requirement by establishing the mortgage as a preferred mortgage under the provisions of 46 U.S.C. 911 - 984 (Ship Mortgage Act of 1920);

- (2) the department's requirements, as specified by the loan committee, have been met; and
- (3) the borrower is in compliance with all provisions of the loan documents and this chapter.

Authority: AS 16.10.905 AS 16.10.915

3 AAC 80.455. Costs and fees.

- (a) An applicant shall pay for the department's application processing expenses, including the cost of title reports and insurance, recording fees, appraisals, surveys, travel, and other direct costs.
- (b) An applicant shall submit a \$100 nonrefundable loan application fee to the department with a loan application submitted under either AS 16.10.910(a)(1) or 16.10.910(a)(2).
- (c) A borrower shall pay an origination fee of one percent of the total loan amount or an assumption fee of one percent of the loan balance when the borrower meets the provisions of 3 AAC 80.410 - 3 AAC 80.480.
- (d) A late fee not to exceed five percent of the payment amount will be charged to a borrower for each loan payment that is received more than 15 days after the due date for the payment.
- (e) The department will charge a loan extension application processing fee of up to \$100 to a borrower who applies for a loan extension.
- (f) The department will not charge the late fee in (d) of this section if
 - (1) the borrower submits a loan extension application or a payment plan to the department not more than 15 days after the payment is due;
 - (2) the department approves the borrower's loan extension application or payment plan; and
 - (3) if the borrower
 - (A) meets all conditions for the loan extension or the payment plan; or
 - (B) submits a payment during the department's review of the borrower's loan extension application or payment plan.

Authority: AS 16.10.905

3 AAC 80.460. Assumptions.

- (a) The department will process a request for permission to assume the obligations and benefits of a loan made under AS 16.10.890 - 16.10.945 and 3 AAC 80.410 - 3 AAC 80.480 in the same manner as an application for a loan.
- (b) A loan committee may permit an assumption if the applicant
 - (1) meets eligibility requirements under AS 16.10.910 and 3 AAC 80.410 - 3 AAC 80.480;
 - (2) is a good financial risk; and
 - (3) the security of the state's investment is preserved.
- (c) Wraparound financing that includes a loan made under AS 16.10.890 - 16.10.945 and 3 AAC 80.410 - 3 AAC 80.480 is prohibited and constitutes a default on the loan.

Authority: AS 16.10.905 AS 16.10.910

3 AAC 80.470. Modifications.

- (a) The department will process a request for a modification to a loan made under AS 16.10.890-16.10.945 and 3 AAC 80.410 - 3 AAC 80.480 in the same manner as an application for a loan. The department will require the applicant to file one or more of the items specified in 3 AAC 80.410 if
 - (1) the information on the document has changed since it was filed; or
 - (2) the department needs additional information that is not included in the document on file to review the request for modification.
- (b) A loan committee may only permit a loan modification if the security of the state and the state's investment is preserved.

Authority: AS 16.10.905

3 AAC 80.475. Reconsideration of a loan request.

- (a) If the department denies, inactivates, or significantly modifies a loan request, an applicant may file a written request for reconsideration not later than 30 days after receiving notice of the department's decision.
- (b) The department will reconsider the applicant's request if the applicant
 - (1) shows that there has been a substantial change in the circumstances leading to the department's decision;
 - (2) provides additional relevant information to the department that was not initially available; or
 - (3) shows that the department made an administrative error.

Authority: AS 16.10.905 AS 16.10.910

3 AAC 80.480. 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 a

- (A) deed of trust;
- (B) financing statement;
- (C) limited entry permit;
- (D) quota share.;
- (E) warranty deed;
- (F) bill of sale;
- (G) mortgage;
- (H) lien;
- (I) vehicle title; or
- (J) vessel documentation;

(2) general information regarding a loan, 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;

(4) foreclosure and default proceedings.

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

(1) personal and financial information, including

- (A) income tax returns;
- (B) financial statements;
- (C) business income statements;
- (D) pro forma profit and loss statements;
- (E) credit information obtained from banks and other creditors;
- (F) reports from consumer reporting agencies;
- (G) processor statements; and
- (H) commercial fishing pink slips (fish tickets);

(2) loan committee memoranda and minutes containing information relating to an applicant's creditworthiness;

(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. A person may request disclosure of information under 2 AAC 96. After the department receives a request for disclosure, the department will

(1) notify the loan applicant and any other person with a privacy interest in the request; and

(2) allow the applicant or other interested person to present reasons why the requested information should not be disclosed.

Authority: Art.. I, sec. 22 AS 16.10.905 AS 40.25.120
Ak. Const. AS 40.25.110