

SENATE BILL REPORT

HB 1062

As Passed Senate, April 17, 2019

Title: An act relating to expanding access to commercial fishing opportunities.

Brief Description: Expanding access to commercial fishing opportunities.

Sponsors: Representatives Blake and Walsh.

Brief History: Passed House: 3/07/19, 98-0.

Committee Activity: Agriculture, Water, Natural Resources & Parks: 3/21/19, 4/02/19 [DP, w/oRec, DNP].

Floor Activity:

Passed Senate: 4/17/19, 48-0.

Brief Summary of Bill

- Removes the prohibition on creating a security interest in a commercial fishing license.

SENATE COMMITTEE ON AGRICULTURE, WATER, NATURAL RESOURCES & PARKS

Majority Report: Do pass.

Signed by Senators Van De Wege, Chair; Warnick, Ranking Member; Honeyford, McCoy and Short.

Minority Report: That it be referred without recommendation.

Signed by Senator Salomon, Vice Chair.

Minority Report: Do not pass.

Signed by Senator Rolfes.

Staff: Jeff Olsen (786-7428)

Background: The Department of Fish and Wildlife (DFW) manages the commercial harvest of food fish, shellfish, and salmon. Commercial fishers must obtain applicable licenses from DFW to participate in commercial fisheries. No security interest or lien of any kind,

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including tax liens, may be created or enforced in a commercial fishing license. Transfers of commercial fishing licenses are subject to various requirements, including timing restrictions and the payment of fees.

Although commercial fishing licenses are not personal property, they are treated as analogous to personal property for purposes of inheritance and intestacy. Commercial fishing licenses are subject to various state laws, including wills, trusts, and estates, except that commercial fishing licenses are exempt from claims of creditors of the estate and tax liens.

The Uniform Commercial Code (UCC) is a model code drafted by the National Conference of Commissioners on Uniform State Laws for the purpose of providing a consistent and integrated framework of rules to deal with commercial transactions. The UCC governs the creation and operation of security interests in various types of personal property and fixtures. A security interest is the interest of a creditor in the property of a debtor, used to secure payment of a debt. The UCC also provides remedies and procedures in the event that a debtor defaults on an obligation.

Summary of Bill: The prohibition on the creation of a security interest in a commercial fishing license is removed. Commercial fishing licenses are treated as analogous to personal property for the purpose of enforcing security interests pursuant to the UCC.

Transfers of a commercial fishing license are subject to the approval of DFW according to any rules DFW may adopt. The transfer of a commercial fishing license without the written consent of each person holding a security interest in the license is void.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: There is a high barrier to entry for certain fisheries. This bill would help new fishers by allowing them to lend against the value of the fishing license. For example, a new commercial fishing permit might cost \$110,000 on the private market, and a new fishing boat might cost \$200,000, for a total cost of \$310,000. If a bank can loan at 65 percent of loan-to-value, it can loan only a total of \$130,000. If the bank can loan on the value of the license, the bank can loan just over \$200,000. If a borrower defaults, there are secondary markets where a permit can be sold.

Persons Testifying: PRO: Andrew Mesojednik, Commercial Lender, Bank of the Pacific.

Persons Signed In To Testify But Not Testifying: No one.