

**Alaska Mariculture Alliance – Economic Recovery  
Mariculture Incentive Grant Program**

**FY2023 Request: \$5,000,000  
Reference No: AMD 64174**

**AP/AL:** Appropriation  
**Category:** Development  
**Location:** Statewide  
**Impact House District:** Statewide (HD 1-40)  
**Estimated Project Dates:** 07/01/2022 - 06/30/2027

**Project Type:** Economic Assistance  
**Recipient:** Alaska Mariculture Alliance  
**House District:** Statewide (HD 1-40)  
**Contact:** Micaela Fowler  
**Contact Phone:** (907)465-2506

**Brief Summary and Statement of Need:**

This appropriation provides a \$25 million grant to the Alaska Mariculture Alliance (AMA) for the purpose of establishing and operating a grant program for the mariculture industry. The Mariculture Revolving Loan Fund (MRLF) was established to provide patient capital, but additional financial assistance is necessary to support the industry during its infancy. Grants made through this appropriation will assist in the establishment of new mariculture businesses and the expansion of existing farms.

<b>Funding:</b>	<u>FY2023</u>	<u>FY2024</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>Total</u>
1004 Gen Fund	\$5,000,000						\$5,000,000
1269 CSLFRF							\$0
<b>Total:</b>	\$5,000,000	\$0	\$0	\$0	\$0	\$0	\$5,000,000

<input type="checkbox"/> State Match Required	<input checked="" type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> Ongoing
0% = Minimum State Match % Required		<input checked="" type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

**Operating & Maintenance Costs:**

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	0
<b>Totals:</b>	<b>0</b>	<b>0</b>

**Prior Funding History / Additional Information:**

SFCS1 removed project 4/11:  
<http://www.legfin.state.ak.us/BudgetReports/LY2022/Capital/SenateFinanceCS1/CapitalProjectDetailByAgency.pdf>

The State has two existing revolving loan programs, the Mariculture Revolving Loan Fund (MRLF) and the Agriculture Revolving Loan Fund (ARLF). Both funds can provide loans to mariculture farmers. Giving both programs the ability to grant funds would allow more flexibility within this growing mariculture industry and encourage development.

Changed to 5m UGF in SCS2

**Project Description/Justification:**

The Alaska Mariculture Alliance (AMA) will manage the program and distribute of the funding. AMA is the private, non-profit, trade organization created as the successor the Alaska Mariculture Task Force. The mission of the AMA is to “*Develop and support a robust and sustainable mariculture*

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*industry, producing shellfish and aquatic plants for the long-term benefit of Alaska’s economy, environment and communities.”* The membership (full member status) of AMA includes growers, harvesters, processors, nurseries or hatcheries of shellfish or seaweed in Alaska; regional or village corporations formed under ANCSA; Tribes; community development quota (CDQ) groups; municipalities of the State of Alaska; and research entities.

The time lapse between inception and the beginning of a revenue stream for a new mariculture farm is approximately 3-4 years for seaweed and up to 9-13 years for Geoduck. The need for start-up capital is significant for a business to survive without revenues for such an extended period. To that end, the Legislature created the Mariculture Revolving Loan Fund (MRLF) within the Department of Commerce in 2018, however, more assistance is needed to grow this emerging industry. Traditional lending options are not viable in the early-phases due to the need for such patient capital.

Investments by new businesses in a developing industry carry more risk than established businesses in established industries. Traditional lenders typically do not lend to these businesses, which has been identified as a significant impediment to growth. Additionally, the coronavirus (COVID-19) has reduced tolerance for risk and the capital available for investment in the private sector. Investing in this industry will help significantly increase production in Alaska.

This investment will expand an existing State program while altering the program to accommodate the following:

- Mariculture Farmers: provide grant funds to farmers for investments which expand operations or start new operations.
- Mariculture Hatcheries: provide matching grants for expansion of existing hatcheries or development of new hatcheries. Hatcheries that receive a loan or any entity that receives a loan under the program is eligible (e.g., mobile hatcheries).
- Mariculture Processors: provide matching grant funds for companies to purchase new mariculture processing equipment (e.g., mobile processing).