



## Sectional Analysis

### House Bill 296 – Agricultural Products/Loans/Sales (33-GH2386\A) “Capital access, Revenue protection, and Open Procurement (CROP) Act”

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- Section 1** Amends AS 03.09.030, *Agriculture, Animals and Food; Board of Agriculture and Conservation; Quorum*. Reduces from 5 to 4 the number of members required for a quorum to conduct business for the 7-member Board of Agriculture and Conservation. **Effective immediately.**
- Section 2** Amends AS 03.10.020(a), *Agriculture, Animals and Food; Alaska Agricultural Loan Act; Powers of the board*. Expands the activities for which the Board of Agriculture and Conservation can make a loan from the Agriculture Revolving Loan Fund. Loans could now be made to individual residents, partnerships, or corporations to cover shipping costs to and within Alaska, and to refinance debt incurred through a different agricultural loan or through another lender as long as that loan was for purposes eligible for agricultural loans and the borrower is otherwise qualified for an agricultural loan. **Effective July 1, 2025.**
- Section 3** Amends AS 03.10.030(a), *Agriculture, Animals and Food; Alaska Agricultural Loan Act; Limitations on loans*. Removes existing cap of \$1 million in total loans under this chapter to a single borrower; the Board of Agriculture and Conservation will set a maximum loan amount in regulation. Revises required loan security so farm development, chattel and irrigation loans must be secured by a first priority real estate or chattel mortgage. **Effective July 1, 2025.**
- Section 4** Amends AS 03.10.030(c), *Agriculture, Animals and Food; Alaska Agricultural Loan Act; Limitations on loans*. Removes statutory caps limiting short term loans to \$350,000 for borrowers in a farm disaster area and \$200,000 for borrowers not in a farm disaster area. Allows the Board of Agriculture and Conservation to set the maximum short-term loan amount in regulation for borrowers in farm disaster areas and retains an increased cap of \$500,000 for a short-term loan made to a borrower not in a farm disaster area. **Effective July 1, 2025.**
- Section 5** Amends AS 03.10.030(f), *Agriculture, Animals and Food; Alaska Agricultural Loans Act; Limitations on loans*. Increases the maximum farm product processing loan from \$250,000 to \$500,000 and makes corresponding adjustments related to loan priority and security. **Effective July 1, 2025.**
- Section 6** Amends AS 03.10.030(g), *Agriculture, Animals and Food; Alaska Agricultural Loan Act; Limitations on loans*. Removes a statutory cap of \$250,000 for loans

for clearing land; instead, the Board of Agriculture and Conservation will set a cap in regulation. **Effective July 1, 2025.**

- Section 7** Repeals AS 03.13.030, *Agriculture, Animals and Food; Federal Crop Insurance Contributions*, and reenacts as AS 03.13.030, *State contribution; limitation*. Increases the state contribution toward a producer's federal crop insurance policy premiums for revenue protection policies. Revises the state share from a maximum of 30% of a producer's premium on coverage of up to 65% of the recorded or appraised average yield to a tiered system based on a percentage of revenue protection (defined in Sec. 10). Provides more state assistance (85%) over the first two years, decreasing over 3 steps to up to 70% in fifth policy year and any future year. This contribution also replaces provisions repealed by Sec. 23. **Effective July 1, 2025.**
- Section 8** Amends AS 03.13.040(b), *Agriculture, Animals and Food; Federal Crop Insurance Contributions; Appropriations*. Conforming change to align with amendments made by Sec. 7 and Sec. 23. **Effective July 1, 2025.**
- Section 9** Adds a new section to AS 03.13, *Agriculture, Animals and Food; Federal Crop Insurance Contributions*. Allows the Department of Natural Resources to adopt regulations for the Federal Crop Insurance Contributions program. **Effective July 1, 2025.**
- Section 10** Adds a new paragraph to AS 03.13.050, *Agriculture, Animals and Food; Federal Crop Insurance Contributions; Definitions*. Adds the term "revenue protection" and defines it in reference to the Code of Federal Regulations. (C.F.R. 457.8 definition: A plan of insurance that provides protection against loss of revenue due to a production loss, price decline or increase, or a combination of both. If the harvest price exclusion is elected, the insurance coverage provides protection only against loss of revenue due to a production loss, price decline, or a combination of both.) **Effective July 1, 2025.**
- Section 11** Amends AS 29.71.040(a), *Municipal Government; General Provisions; Procurement preference for state agricultural and fisheries products*. For a five-year period, broadens the requirement for municipalities that receive state money to buy in-state agricultural products by removing the cost differential cap. **Effective July 1, 2024.**
- Section 12** Amends AS 29.71.040(a), *Municipal Government; General Provisions; Procurement preference for state agricultural and fisheries products*, as amended by Sec. 11. At the end of the 5-year period, reverses the new procurement preferences set in Sec. 11 for agricultural products. **Effective June 30, 2029.**
- Section 13** Amends AS 29.71.040(b), *Municipal Government; General Provisions; Procurement preference for state agricultural and fisheries products*. For a five-year period, broadens the requirement for municipalities that receive state money

to buy in-state fisheries products by removing the cost differential cap. **Effective July 1, 2024.**

- Section 14** Amends AS 29.71.040(b), *Municipal Government; General Provisions; Procurement preference for state agricultural and fisheries products*, as amended by Sec. 13. At the end of the 5-year period, reverses the new procurement preferences set in Sec. 13 for fisheries products. **Effective June 30, 2029.**
- Section 15** Amends AS 29.71.040(c), *Municipal Government; General Provisions; Procurement preference for state agricultural and fisheries products*. During the 5-year period broadening the Alaska products preference, requires sellers of state agricultural or fisheries products to submit their wholesale price lists when responding to a municipality's solicitation for purchase. Provides penalties for providing inaccurate price information. **Effective July 1, 2024.**
- Section 16** Amends AS 29.71.040(c), *Municipal Government; General Provisions; Procurement preference for state agricultural and fisheries products*, as amended by Sec. 15. At the end of the 5-year period, reverses the provisions added in Sec. 15. **Effective June 30, 2029.**
- Section 17** Amends AS 36.15.050(a), *Public Contracts; Alaska Product Preferences; Use of local agricultural and fisheries products required in purchases with state money*. For a five-year period, broadens the requirement for the state and school districts that receive state money to buy in-state agricultural products by removing the cost differential cap and requiring purchase of "like quality" products harvested in the state. **Effective July 1, 2024.**
- Section 18** Amends AS 36.15.050(a), *Public Contracts; Alaska Product Preferences; Use of local agricultural and fisheries products required in purchases with state money*, as amended by Sec. 17. At the end of the 5-year period, reverses the new procurement preferences set in Sec. 17 for agricultural products. **Effective June 30, 2029.**
- Section 19** Amends AS 36.15.050(b), *Public Contracts; Alaska Product Preferences; Use of local agricultural and fisheries products required in purchases with state money*. For a five-year period, broadens the requirement for municipalities that receive state money to buy in-state fisheries products by removing the cost differential cap and requiring the purchase of "like quality" products harvested or processed in the state. **Effective July 1, 2024.**
- Section 20** Amends AS 36.15.050(b), *Public Contracts; Alaska Product Preferences; Use of local agricultural and fisheries products required in purchases with state money*, as amended by Sec. 19. At the end of the 5-year period, reverses the new procurement preferences set in Sec. 19 for fisheries products. **Effective June 30, 2029.**

- Section 21** Amends AS 36.15.050(c), *Public Contracts; Alaska Product Preferences; Use of local agricultural and fisheries products required in purchases with state money*. During the 5-year period broadening the Alaska products preference, requires sellers of state agricultural or fisheries products to submit their wholesale price lists when responding to the state or a school district’s solicitation for purchase. Provides penalties for providing inaccurate price information. **Effective July 1, 2024.**
- Section 22** Amends AS 36.15.050(c), *Public Contracts; Alaska Product Preferences; Use of local agricultural and fisheries products required in purchases with state money*, as amended by Sec. 21. At the end of the 5-year period, repeals the provisions added in Sec. 21. **Effective June 30, 2029.**
- Section 23** Repeals AS 03.13.020 (*Agriculture, Animals, and Food; Federal Crop Insurance Contributions; Amount of Contributions*), proscribing the state contribution toward crop insurance for each covered producer. Section 7 establishes a new formula for the state contribution. **Effective July 1, 2025.**
- Section 24** Adds a new section to uncodified law requiring an annual report to the Legislature evaluating the procurement preferences for Alaska agricultural and fisheries products during the five-year cap removal.
- Section 25** Adds a new section to uncodified law addressing how pending procurements will be handled as the five-year cap removal takes effect. The old rules will apply to solicitations pending as of and contracts entered into before July 1, 2024, unless all parties agree the new rules apply.
- Section 26** Adds a new section to uncodified law allowing the Board of Agriculture and Conservation and DNR to adopt regulations to implement the bill. **Effective immediately.**
- Section 27** Sets an immediate effective date for secs. 1 and 26 related to the Board of Agriculture and Conservation quorum and the authority to write regulations.
- Section 28** Sets a July 1, 2024, effective date for secs. 11, 13, 15, 17, 19 and 21. These sections relate to the five-year procurement preference program expansion.
- Section 29** Sets a July 1, 2025, effective date for secs. 2-10 and 23. These sections relate to crop insurance premium subsidies.
- Section 30** Sets a June 30, 2029, effective date for secs. 12, 14, 16, 18, 20 and 22. These sections relate to the sunset of the five-year preference program expansion.