

HB 296 – CROP Act

House Resources Committee



**Presented by Brent Goodrum
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Alaska Department of Natural Resources
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Agriculture in Alaska: Status Report

- Robust Alaska agriculture is a long-held vision
- Hardy Alaskans are farming
 - 2017 national census: Nearly 1,000 Alaska farms and ranches produced about \$29.6 M in crop value and \$40.8 M in animal production
- So much more potential – with the right support
- Why grow agriculture?
 - Greater food security and independence for Alaskans
 - Develop an economic sector (jobs, value chain benefits)





Agriculture in Alaska: Key Challenges

- High cost, high risk business
- Often starting from scratch
- Market access, supply/demand
- Lack of infrastructure
- Human challenges: more farmers, laborers
- Chicken and egg dynamic – where can State be a catalyst?





CROP Act

- HB 296: Capital access,
Revenue protection and Open
Procurement (**CROP**) Act
- Based on recommendations by task forces, division experts, stakeholders' policy priorities
- Selected for ability to get direct support to the industry, quickly (minimal new staff, programs to develop)





Capital Access – The ‘C’ in CROP Act

- Board of Agriculture and Conservation responsible for Agricultural Revolving Loan Fund
 - Key source of capital for farmers/producers
- HB 296 responsive to evolving industry needs
 - More efficient Board of Agriculture process
 - Expand eligible activities, allow refinancing
 - \$2 Million capital infusion into loan fund
 - Revising loan caps cumulatively and for specific activities – last updated in 1980s

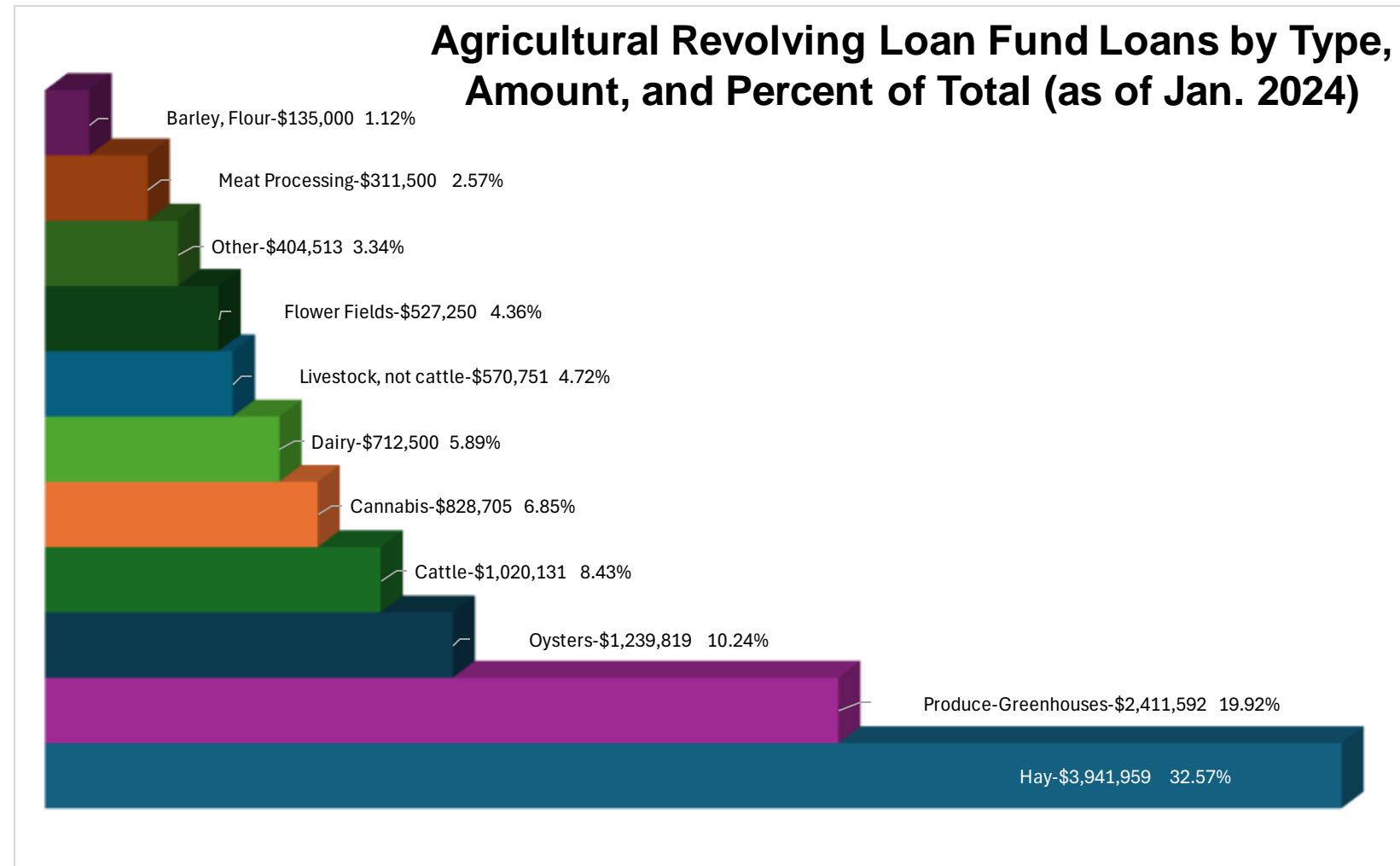




Capital Access – Fund Data Points

Fund stats as of 1/31/2024

Balance: \$9.3 M
Open loans: 52
Authorized: \$12.1 M
Dispersed: \$11.9 M





Revenue Protection – The ‘R’

- Concept in statute (AS 03.13), never funded; bill revises support formula
- Fiscal note includes capital to pay for State support
- Incentivizes production to boost feed supply, support larger herds
- Helps offset risk and enables farmer to invest in farm infrastructure, expansions





Revenue Protection – How it Works

- Eligible crops are those with revenue protection policies available: currently barley, wheat, oats
- State covers:
 - 100% of premium in years 1-2 sufficient to obtain 85% revenue protection
 - 100% of premium in year 3 sufficient to obtain 80% revenue protection
 - 100% of premium in year 4 sufficient to obtain 75% revenue protection
 - In year 5 and on the farmer needs to pay the premium to obtain 55% revenue protection, state covers additional premium to reach 70% revenue protection



Revenue Protection – How it Works

- Through federal Risk Management Agency (RMA)
- State role: accept applications, verify eligible producers, submit verification to RMA, send funds to RMA
- Producer role: selects coverage at desired level from an approved provider, reports acreage, pays any premium not covered by state
- State does not adjudicate loss claims or cover losses





Open Procurement – The ‘O’ and ‘P’

- Procurement preferences already in statute
 - State agencies, school districts and municipalities that receive state funds
- Alaska-grown agricultural and Alaska fisheries products
- Includes responsible protections
- Incentivizes more production by providing access to institutional markets





HB 296 – Sectional Overview

- Capital access –
Sections 1-6
- Revenue protection –
Sections 7-10, 23
- Open Procurement –
Sections 11-22, 24-25
- Four effective dates





HB 296 Sectional Analysis (version VA)

Sec.	Page	Provision
Sec. 1	1	Reduces 7-member Board of Agriculture and Conservation (Board) quorum from 5 to 4
Sec. 2	1	Allows Board to make loans for shipping costs to and within the state and to refinance debt
Sec. 3	3	Removes the \$1 million maximum amount of cumulative Board loans to any one borrower; Board will set maximums in regulation. Updates loan security requirements
Sec. 4	3	Removes statutory cap to borrowers in farm disaster areas for short-term (<1 year) loans; Board will set maximums in regulation. Increases cap for borrowers not in farm disaster areas
Sec. 5	4	Increases from \$250,000 to \$500,000 cap on farm product processing loans and makes corresponding adjustments related to loan priority and security
Sec. 6	4	Removes \$250,000 statutory cap on loans for clearing land; Board will set maximum in regulation
Sec. 7	4	Increase the state contribution toward producers' federal crop insurance revenue protection policy premiums; state support steps down after year 2



HB 296 Sectional Analysis (continued)

Sec.	Pg	Provision
Sec. 8	5	Conforming to sections 7 and 13
Sec. 9	5	Allows DNR to adopt regulations for the crop insurance program described in Sec. 7
Sec. 10	5	Defines revenue protection in reference to the Code of Federal Regulations
Sec. 11	5	For a 5-year period, broadens the requirement for municipalities that receive state funds to buy in-state agricultural products
Sec. 12	5	At the end of the 5-year period, reverses the requirement in Sec. 11
Sec. 13	6	For a 5-year period, broadens the requirement for municipalities that receive state funds to buy fisheries products harvested or processed in-state
Sec. 14	6	At the end of the 5-year period, reverses the requirement in Sec. 13
Sec. 15	7	During the 5-year period broadening procurement preferences, requires agricultural products sellers to submit wholesale price lists to buyers



HB 296 Sectional Analysis (continued)

Sec.	Page	Provision
Sec. 16	7	At the end of the 5-year period, reverses the requirement in Sec. 15
Sec. 17	8	For a 5-year period, broadens the requirement for the state and school districts that receive state money to buy instate agricultural products
Sec. 18	8	At the end of the 5-year period, reverses the requirement in Sec. 17
Sec. 19	8	For a 5-year period, broadens the requirement for the state and school districts that receive state money to buy fisheries products harvested or processed in-state
Sec. 20	8	At the end of the 5-year period, reverses the requirement in Sec. 19
Sec. 21	9	During the 5-year period broadening procurement preferences, requires fisheries products sellers to submit wholesale price lists to buyers
Sec. 22	9	At the end of the 5-year period, reverses the requirement in Sec. 21



HB 296 Sectional Analysis (continued)

Sec.	Page	Provision
Sec. 23	10	Repeals old crop insurance statute as Sec. 7 establishes a new formula for state contributions
Sec. 24	10	Requires annual report to Legislature evaluating 5-year procurement preference changes
Sec. 25	10	Transitional provisions related to the 5-year procurement preference changes
Sec. 26	11	Authorizes DNR and Board of Agriculture to write regulations
Sec. 27	11	Sets immediate effect date for Board of Ag quorum changes and authority to write regulations
Sec. 28	11	Sets effective date of July 1, 2024, for new 5-year procurement preferences
Sec. 29	11	Sets effective date of July 1, 2025, for state support for federal crop insurance program
Sec. 30	11	Sets effective date of June 30, 2029, for the reversal of the 5-year procurement preferences

Thank you!



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