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Bullard
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CS FOR HOUSE BILL NO. 296(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - SECOND SESSION

BY THE HOUSE RESOURCES COMMITTEE

Offered:
Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the Board of Agriculture and Conservation; relating to loans and
2 limitations under the Alaska Agricultural Loan Act; relating to federal crop insurance
3 contributions; relating to municipal and state procurement preferences for agricultural
4 products harvested in the state and fisheries products harvested or processed in the
5 state; and providing for an effective date."

6 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 * **Section 1.** AS 03.09.030 is amended to read:

8 **Sec. 03.09.030. Quorum. Four** [FIVE] members of the Board of Agriculture
9 and Conservation constitute a quorum for the transaction of business or the exercise of
10 a power or function at a meeting of the board.

11 * **Sec. 2.** AS 03.10.020(a) is amended to read:

12 (a) The Board of Agriculture and Conservation (AS 03.09.010) may
13 (1) make a loan to

(A) an individual resident farmer, homesteader, or a partnership or corporation composed of farmers and homesteaders for

- (i) clearing land for agricultural purposes;
- (ii) development of farms;
- (iii) storage and processing of farm produce; or
- (iv) the purchase of livestock or machinery;

(B) an individual state resident, or a partnership or corporation for

(i) storage and processing plants for agricultural products;

(ii) the commercial production or processing of horticultural products in the state;

(iii) the commercial production or processing of animal feed in the state; [OR]

(iv) the raising or care of animals in the state for the purpose of marketing their fur; or

(v) the cost of shipping to and within the state;

(2) designate agents and delegate its powers to them as necessary;

(3) adopt regulations necessary to carry out its functions, including regulations to establish reasonable fees for services provided and charges for collecting the fees;

(4) establish amortization plans for repayment of loans, which may include delayed payments of principal and interest for not to exceed five years;

(5) enter into agreements with private lending institutions, other state agencies, or agencies of the federal government to carry out the purposes of this chapter;

(6) collect the fees and collection charges established under this subsection;

(7) refinance a debt obligation incurred by a borrower under this section or through another lender for a purpose authorized under (1) of this subsection if the borrower otherwise qualifies for a loan under AS 03.10.010 -

1 **03.10.060.**

2 * **Sec. 3.** AS 03.10.030(a) is amended to read:

3 (a) A [THE] farm development, chattel, or irrigation loan made under this
4 chapter

5 (1) may not exceed a term of 30 years, except that a chattel loan may
6 not exceed a term of seven years;

7 (2) may not, when added to the outstanding balance of other loans
8 made under this chapter, exceed **the maximum loan amount permitted for a**
9 **borrower established by the Board of Agriculture and Conservation in regulation**
10 [A TOTAL OUTSTANDING BALANCE OF \$1,000,000];

11 (3) shall be secured by a **first priority** real estate or chattel mortgage
12 [OF ANY PRIORITY, EXCEPT THAT THE PORTION OF A LOAN THAT
13 EXCEEDS \$500,000, WHEN ADDED TO PRIOR INDEBTEDNESS THAT IS
14 SECURED BY THE SAME PROPERTY, MUST BE SECURED BY A FIRST
15 MORTGAGE];

16 (4) shall bear interest at a fixed rate comparable to that charged by
17 other agricultural lending institutions in the state for loans similar to those referred to
18 in this subsection.

19 * **Sec. 4.** AS 03.10.030(c) is amended to read:

20 (c) A short-term loan, to be amortized within one year, not to exceed, **for**
21 [\$350,000 TO] any one borrower, **an amount set by the Board of Agriculture and**
22 **Conservation in regulation,** may be made for operating purposes, except that a loan
23 made under this subsection may not exceed **\$500,000** [\$200,000] unless the loan is
24 made to a borrower in a farm disaster area declared under AS 03.10.058. The loan
25 shall bear interest at a fixed rate comparable to that charged by other agricultural
26 lending institutions in the state for loans similar to those referred to in this subsection.
27 An applicant for a short-term loan may be required to purchase insurance through the
28 Federal Crop Insurance Act (7 U.S.C. 1501 - 1520) as a condition of the loan. The
29 term of a loan made under this subsection may be extended for up to three years by the
30 Board of Agriculture and Conservation, in the discretion of the board, upon
31 application by the borrower.

* **Sec. 5.** AS 03.10.030(f) is amended to read:

(f) A farm product processing loan may not exceed \$500,000 [\$250,000]. A mortgage that secures a farm product processing loan may be of any priority if the total indebtedness on the real estate, including the secured farm product processing loan, does not exceed \$500,000 [\$250,000]. A farm product processing loan that, if made, would raise the existing indebtedness on the real estate securing the loan above \$500,000 [\$250,000], or a farm product processing loan on real estate that has a prior indebtedness of \$500,000 [\$250,000] or more, may be made only if all prior mortgagees agree to subordinate their mortgages to that of the state for the amount of the farm product processing loan that exceeds the \$500,000 [\$250,000] indebtedness limit on the real estate. A farm product processing loan may not exceed a term of 30 years or bear interest at a rate that is less than a fixed rate comparable to that charged by other agricultural lending institutions in the state for similar loans, and shall be secured by a real estate or chattel mortgage or both.

* **Sec. 6.** AS 03.10.030(g) is amended to read:

(g) A loan for clearing land may not

(1) exceed an amount set by the Board of Agriculture and Conservation in regulation [\$250,000];

(2) bear interest at a rate that is less than a fixed rate comparable to that charged by other agricultural lending institutions in the state for similar loans;

(3) have a term in excess of 20 years; or

(4) be made for clearing land other than land that has been classified by the United States Department of Agriculture, Natural Resources Conservation Service, under the Land Capability Classification System as having agricultural potential for the production of annual crops or hay [,] or for pasture.

* **Sec. 7.** AS 03.13.030 is repealed and reenacted to read:

Sec. 03.13.030. State contribution; limitation. Except as provided in AS 03.13.040(b), the state shall pay a percentage of the covered producer's revenue protection policy premium, as calculated by the corporation, equivalent to the amount required to obtain

(1) 85 percent revenue protection for the first two policy years;

- (2) 80 percent revenue protection for the third policy year;
(3) 75 percent revenue protection for the fourth policy year; and
(4) if a producer purchases a minimum of 55 percent revenue protection coverage, 70 percent revenue protection for a policy year after the fourth policy year.

* **Sec. 8.** AS 03.13.040(b) is amended to read:

(b) If for any year the amount appropriated is insufficient to fully fund the contribution required by **AS 03.13.030** [AS 03.13.020], the department shall allocate funds on a first come basis.

* **Sec. 9.** AS 03.13 is amended by adding a new section to read:

Sec. 03.13.045. Regulations. The department may adopt regulations under AS 44.62 (Administrative Procedure Act) to carry out this chapter, including regulations to establish reasonable fees for services provided by the department.

* **Sec. 10.** AS 03.13.050 is amended to read:

Sec. 03.13.050. Definitions. In this chapter,

(1) "corporation" means the Federal Crop Insurance Corporation (7 U.S.C. 1503);

(2) "revenue protection" has the meaning given in 7 C.F.R. 457.8.

* **Sec. 11.** AS 29.71.040(a) is amended to read:

(a) If a municipality that receives state money seeks to purchase an agricultural product and an agricultural product harvested in the state is available that is of like quality compared with a similar agricultural product harvested outside the state, the municipality

[(1)] shall purchase the product harvested in the state [IF THE PRODUCT IS PRICED NOT MORE THAN SEVEN PERCENT ABOVE THE SIMILAR PRODUCT HARVESTED OUTSIDE THE STATE;

(2) MAY PURCHASE THE PRODUCT HARVESTED IN THE STATE ONLY IF THE PRODUCT IS PRICED NOT MORE THAN 15 PERCENT ABOVE THE SIMILAR PRODUCT HARVESTED OUTSIDE THE STATE].

* **Sec. 12.** AS 29.71.040(a), as amended by sec. 11 of this Act, is amended to read:

(a) If a municipality that receives state money seeks to purchase an

agricultural product and an agricultural product harvested in the state is available that is of like quality compared with a similar agricultural product harvested outside the state, the municipality

(1) shall purchase the product harvested in the state **if the product is priced not more than seven percent above the similar product harvested outside the state;**

(2) may purchase the product harvested in the state only if the product is priced not more than 15 percent above the similar product harvested outside the state.

* Sec. 13. AS 29.71.040(b) is amended to read:

(b) If a municipality that receives state money seeks to purchase a fisheries product and a fisheries product harvested or processed within the jurisdiction of the state is available that is of like quality compared with a similar fisheries product harvested or processed outside the jurisdiction of the state, the municipality

[(1)] shall purchase the product harvested or processed within the jurisdiction of the state [IF THE PRODUCT IS PRICED NOT MORE THAN SEVEN PERCENT ABOVE THE SIMILAR PRODUCT HARVESTED OR PROCESSED OUTSIDE THE JURISDICTION OF THE STATE;

(2) MAY PURCHASE THE PRODUCT HARVESTED OR PROCESSED IN THE JURISDICTION OF THE STATE ONLY IF THE PRODUCT IS PRICED NOT MORE THAN 15 PERCENT ABOVE THE PRODUCT HARVESTED OR PROCESSED OUTSIDE THE JURISDICTION OF THE STATE].

* Sec. 14. AS 29.71.040(b), as amended by sec. 13 of this Act, is amended to read:

(b) If a municipality that receives state money seeks to purchase a fisheries product and a fisheries product harvested or processed within the jurisdiction of the state is available that is of like quality compared with a similar fisheries product harvested or processed outside the jurisdiction of the state, the municipality

(1) shall purchase the product harvested or processed within the jurisdiction of the state **if the product is priced not more than seven percent above the similar product harvested or processed outside the jurisdiction of the state;**

1 **(2) may purchase the product harvested or processed in the**
2 **jurisdiction of the state only if the product is priced not more than 15 percent**
3 **above the product harvested or processed outside the jurisdiction of the state.**

4 * **Sec. 15.** AS 29.71.040(c) is amended to read:

5 (c) A solicitation by a municipality for the purchase of agricultural or fisheries
6 products must include written notice of the purchase requirements and limitations
7 under (a) and (b) of this section and specify that agricultural products harvested in the
8 state and fisheries products harvested or processed within the jurisdiction of the state
9 will be used where possible, subject to the limitations under (a) and (b) of this section.

10 **A seller of agricultural or fisheries products shall submit an accurate copy of the**
11 **seller's current wholesale pricing list in the seller's response to a solicitation.**

12 **Submission of inaccurate pricing information may be cause for debarment under**

13 **AS 36.30.640 or civil penalties under AS 36.30.930.** If a municipality that receives
14 state money purchases agricultural products harvested outside the state or fisheries
15 products harvested or processed outside the jurisdiction of the state, the municipal
16 officer responsible for the purchase shall certify in writing the reasons that agricultural
17 products harvested in the state or fisheries products harvested or processed within the
18 jurisdiction of the state were not purchased.

19 * **Sec. 16.** AS 29.71.040(c), as amended by sec. 15 of this Act, is amended to read:

20 (c) A solicitation by a municipality for the purchase of agricultural or fisheries
21 products must include written notice of the purchase requirements and limitations
22 under (a) and (b) of this section and specify that agricultural products harvested in the
23 state and fisheries products harvested or processed within the jurisdiction of the state
24 will be used where possible, subject to the limitations under (a) and (b) of this section.

25 [A SELLER OF AGRICULTURAL OR FISHERIES PRODUCTS SHALL SUBMIT
26 AN ACCURATE COPY OF THE SELLER'S CURRENT WHOLESALE PRICING
27 LIST IN THE SELLER'S RESPONSE TO A SOLICITATION. SUBMISSION OF
28 INACCURATE PRICING INFORMATION MAY BE CAUSE FOR DEBARMENT
29 UNDER AS 36.30.640 OR CIVIL PENALTIES UNDER AS 36.30.930.] If a
30 municipality that receives state money purchases agricultural products harvested
31 outside the state or fisheries products harvested or processed outside the jurisdiction of

the state, the municipal officer responsible for the purchase shall certify in writing the reasons that agricultural products harvested in the state or fisheries products harvested or processed within the jurisdiction of the state were not purchased.

* **Sec. 17.** AS 36.15.050(a) is amended to read:

(a) When agricultural products are purchased by the state or by a school district that receives state money, **and an agricultural product harvested in the state is available that is of like quality compared with a similar agricultural product harvested outside the state, the state or school district shall purchase the product** [A PREFERENCE NOT LESS THAN SEVEN PERCENT NOR MORE THAN 15 PERCENT SHALL BE APPLIED TO THE PRICE OF PRODUCTS] harvested in the state.

* **Sec. 18.** AS 36.15.050(a), as amended by sec. 17 of this Act, is amended to read:

(a) When agricultural products are purchased by the state or by a school district that receives state money, **a preference not less than seven percent nor more than 15 percent shall be applied to the price of products** [AND AN AGRICULTURAL PRODUCT HARVESTED IN THE STATE IS AVAILABLE THAT IS OF LIKE QUALITY COMPARED WITH A SIMILAR AGRICULTURAL PRODUCT HARVESTED OUTSIDE THE STATE, THE STATE OR SCHOOL DISTRICT SHALL PURCHASE THE PRODUCT] harvested in the state.

* **Sec. 19.** AS 36.15.050(b) is amended to read:

(b) When fisheries products are purchased by the state or by a school district that receives state money, **and a fisheries product harvested or processed within the jurisdiction of the state is available that is of like quality compared with a similar fisheries product harvested or processed outside the jurisdiction of the state, the state or school district shall purchase the product** [A PREFERENCE NOT LESS THAN SEVEN PERCENT NOR MORE THAN 15 PERCENT SHALL BE APPLIED TO THE PRICE OF PRODUCTS] harvested or processed within the jurisdiction of the state.

* **Sec. 20.** AS 36.15.050(b), as amended by sec. 19 of this Act, is amended to read:

(b) When fisheries products are purchased by the state or by a school district that receives state money, **a preference not less than seven percent nor more than**

1 **15 percent shall be applied to the price of products** [AND A FISHERIES
2 PRODUCT HARVESTED OR PROCESSED WITHIN THE JURISDICTION OF
3 THE STATE IS AVAILABLE THAT IS OF LIKE QUALITY COMPARED WITH
4 A SIMILAR FISHERIES PRODUCT HARVESTED OR PROCESSED OUTSIDE
5 THE JURISDICTION OF THE STATE, THE STATE OR SCHOOL DISTRICT
6 SHALL PURCHASE THE PRODUCT] harvested or processed within the jurisdiction
7 of the state.

8 * **Sec. 21.** AS 36.15.050(c) is amended to read:

9 (c) A solicitation for the purchase of agricultural or fisheries products must
10 include written notice of the preferences under (a) and (b) of this section and specify
11 that agricultural products harvested in the state and fisheries products harvested or
12 processed within the jurisdiction of the state will be used where possible. **A seller of**
13 **agricultural or fisheries products shall submit an accurate copy of the seller's**
14 **current wholesale pricing list in the seller's response to a solicitation. Submission**
15 **of inaccurate pricing information may be cause for debarment under**
16 **AS 36.30.640 or civil penalties under AS 36.30.930.** If the state or a school district
17 that receives state money purchases agricultural products harvested outside the state or
18 fisheries products harvested or processed outside the jurisdiction of the state, the
19 officer responsible for the purchase shall certify in writing the reasons that agricultural
20 products harvested in the state or fisheries products harvested or processed within the
21 jurisdiction of the state were not purchased.

22 * **Sec. 22.** AS 36.15.050(c), as amended by sec. 21 of this Act, is amended to read:

23 (c) A solicitation for the purchase of agricultural or fisheries products must
24 include written notice of the preferences under (a) and (b) of this section and specify
25 that agricultural products harvested in the state and fisheries products harvested or
26 processed within the jurisdiction of the state will be used where possible. [A SELLER
27 OF AGRICULTURAL OR FISHERIES PRODUCTS SHALL SUBMIT AN
28 ACCURATE COPY OF THE SELLER'S CURRENT WHOLESALE PRICING LIST
29 IN THE SELLER'S RESPONSE TO A SOLICITATION. SUBMISSION OF
30 INACCURATE PRICING INFORMATION MAY BE CAUSE FOR DEBARMENT
31 UNDER AS 36.30.640 OR CIVIL PENALTIES UNDER AS 36.30.930.] If the state

or a school district that receives state money purchases agricultural products harvested outside the state or fisheries products harvested or processed outside the jurisdiction of the state, the officer responsible for the purchase shall certify in writing the reasons that agricultural products harvested in the state or fisheries products harvested or processed within the jurisdiction of the state were not purchased.

* **Sec. 23.** AS 03.13.020 is repealed.

* **Sec. 24.** The uncodified law of the State of Alaska is amended by adding a new section to read:

REPORT TO THE LEGISLATURE. Not later than the 30th legislative day of the First Regular Session of the Thirty-Fourth Alaska State Legislature, the Department of Administration, with the assistance of the Department of Commerce, Community, and Economic Development, shall prepare and present to the legislative committees having jurisdiction over procurement a report evaluating the procurement preferences established under AS 29.71.040(a) and (b), as amended by secs. 11 and 13 of this Act, and AS 36.15.050(a) and (b), as amended by secs. 17 and 19 of this Act. The report must include

(1) annual data and year-over-year comparisons of

(A) the total value of Alaska products purchased;

(B) the type of products purchased, including raw and value-added products, and the amount purchased by volume or units;

(C) the number of businesses participating in the state; and

(D) the number of businesses in the state with sales to institutional buyers, including state agencies, school districts, or local governments; and

(2) a recommendation from the Department of Administration, with input from the Department of Commerce, Community, and Economic Development, addressing whether to extend the changes made by secs. 11, 13, 15, 17, 19, and 21 of this Act.

* **Sec. 25.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION: PENDING SOLICITATIONS FOR PROCUREMENTS AND CONTRACTS. (a) AS 29.71.040(a) - (c), as amended by secs. 11, 13, and 15 of this Act, and AS 36.15.050(a) - (c), as amended by secs. 17, 19, and 21 of this Act, do not apply to

(1) solicitations for procurement and the resulting contracts if the solicitations

are pending on the effective date of those sections and if the invitation to bid or other solicitation was issued before the effective date of those sections; and

(2) procurement contracts entered into before the effective date of those sections, including extensions or amendments of those contracts.

(b) Notwithstanding (a) of this section, AS 29.71.040(a) - (c), as amended by secs. 11, 13, and 15 of this Act, and AS 36.15.050(a) - (c), as amended by secs. 17, 19, and 21 of this Act, may apply to procurements or contracts described in (a)(1) of this section if all parties to the procurement or contract agree in writing that the provisions apply to the solicitation or contract.

* **Sec. 26.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION: REGULATIONS. The Board of Agriculture and Conservation and the Department of Natural Resources may adopt regulations necessary to implement the changes made by secs. 2 - 10 and 23 of this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act) but not before the effective date of the law implemented by the regulation.

* **Sec. 27.** Sections 1 and 26 of this Act take effect immediately under AS 01.10.070(c).

* **Sec. 28.** Sections 11, 13, 15, 17, 19, and 21 of this Act take effect July 1, 2024.

* **Sec. 29.** Sections 2 - 10 and 23 of this Act take effect July 1, 2025.

* **Sec. 30.** Sections 12, 14, 16, 18, 20, and 22 of this Act take effect June 30, 2029.