

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: HB 207
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB207-DNR-ARLF-2-01-14
Title: AGRICULTURE; AGRICULTURAL LOANS
Sponsor: FEIGE
Requester: House Resources Committee

Department: Department of Natural Resources
Appropriation: Agriculture
Allocation: Agriculture Revolving Loan Program
Administration
OMB Component Number: 2235

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2015 Appropriation Requested	Included in Governor's FY2015 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Personal Services	17.9		43.0	43.0	43.0	43.0	43.0
Travel	5.7		13.7	13.7	13.7	13.7	13.7
Services	62.3		115.9	98.6	98.6	98.6	98.6
Commodities	0.5		1.2	1.2	1.2	1.2	1.2
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	86.4	0.0	173.8	156.5	156.5	156.5	156.5

Fund Source (Operating Only)

1004 Gen Fund	86.4		173.8	156.5	156.5	156.5	156.5
Total	86.4	0.0	173.8	156.5	156.5	156.5	156.5

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2014) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2015) cost: 0.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/16

Why this fiscal note differs from previous version:

Initial Version

Prepared By: Franci Havemeister, Director
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Approved By: Joe Balash, Commissioner
Agency: Department of Natural Resources

Phone: (907)761-3876
Date: 02/01/2014 08:00 PM
Date: 02/01/14

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. HB207

Analysis

HB 207 creates a new 12 member Board of Agriculture, Conservation, and Development (BACD) under AS 03.09.010, effective January 31, 2015. The Board consists of three ex-officio nonvoting members: the commissioners of the Department of Natural Resources (DNR) and Department of Environmental Conservation (DEC) and the chancellor of the University of Alaska Fairbanks or their designees. The board also consists of nine, Governor-appointed members subject to legislative approval:

Six members engaged in commercial production agriculture representing the four judicial districts of the state

- One member with general business or financial experience
- One member who is a district supervisor of a soil and water conservation district who is also engaged in commercial production agriculture
- One member with experience in the preparation, storage, processing, or handling of food products.

HB207 terminates the Natural Resource Conservation and Development Board and transfers those powers and duties to the newly created BACD.

Section 6 creates the newly created BACD as an advisory board with specific powers established in AS 03.09.015. These powers include, but are not limited to, advising the commissioners of DNR, DEC and the Alaska Department of Fish & Game on issues related to agriculture, land use, food safety, pesticides, invasive plants, animal care, and others. The BACD also is given powers to advise and regulate the soil and water conservations districts.

The BACD shall administer the Agriculture Revolving Loan Fund (ARLF) per Section 20 and set the interest rates for loans per Section 22. Section 6 also allows the BACD to establish regulations to carry out its duties, including establishing fees for services provided and charges for collecting fees. Section 13 requires the BACD to adopt regulations to establish other terms for loans and may establish interest rates to encourage agricultural development, do not subsidize nonviable agricultural enterprises, and do not discriminate against viable existing agricultural enterprises.

Section 4 gives the Division of Agriculture responsibility for the overall management and policy of the ARLF, while Section 9 gives authority for approving ARLF loans to the Department of Commerce, Community and Economic Development (DCCED). The Division of Agriculture maintains the duty to provide the loan services for applicants including preparing loan documents for review by DCCED.

Changes in Cost:

The new board would be appointed February 1, 2015. Therefore, the additional funds will be required for five months of operation in FY2015 and 12 months of funding in FY2016 and beyond.

The NRCDB and its \$116.5 budget are deleted on a separate fiscal note. This fiscal note reflects the \$116.5 as increased costs in the Agriculture Revolving Loan Fund component budget, as the powers and duties of the two boards are combined under this component. FY2015 reflects \$49.2 for the five months the new structure is in place, with FY2016 reflecting the full \$116.5. This is a net zero change to state funds as a result of this legislation.

Additional costs for legal services for assistance in writing regulation packages and other legal advice related to the creation of the new BACD are included in the amount of \$7.2 in FY2015 and \$17.3 in FY2016. These estimates are based on similar regulation development experience. These funds are not necessary in FY2017 and beyond.

The FY2015 budget also reflects the increased cost of \$30.0 for an RSA to DCCED to administer the ARLF loan approvals as identified in their fiscal note. An amount of \$40.0 is reflected in the FY2016 budget and beyond for the same purpose.