

**FISCAL NOTE** Bill Version: CSHB 116 (RES)

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**STATE OF ALASKA  
2000 LEGISLATIVE SESSION**

Revision Date/Time: 07-Feb-00 Dept Affected: Natural Resources  
 Title: Board of Agriculture and Conservation BRU: Agricultural Develop., ARLF Prog Admin.  
 Component: Agricultural Development  
 Sponsor: Rep. James ARLF Prog Admin.  
 Requestor: (H)RES Component No 455, and 2235

Expenditures/Revenues (Thousands of Dollars)  
 Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
PERSONAL SERVICES						
TRAVEL	9.0	9.0	9.0	9.0	9.0	9.0
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>9.0</b>	<b>9.0</b>	<b>9.0</b>	<b>9.0</b>	<b>9.0</b>	<b>9.0</b>
<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CHANGE IN REVENUES (fund code)</b>	<b>(22.1)</b>	<b>(29.8)</b>	<b>(37.0)</b>	<b>(43.6)</b>	<b>(49.4)</b>	<b>0.0</b>

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1021 ARLF	9.0	9.0	9.0	9.0	9.0	9.0
<b>TOTAL</b>	<b>9.0</b>	<b>9.0</b>	<b>9.0</b>	<b>9.0</b>	<b>9.0</b>	<b>9.0</b>

Estimate of any current year (FY2000) cost: \$ none

POSITIONS

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

**ANALYSIS:** (Attach a separate page if necessary)

FY01 and future costs are difficult to quantify since proposed legislation creates a new level of government.

Currently the Agricultural Revolving Loan Fund Board meeting expenses are approximately \$9.0 per year for travel related meeting expenses for 8 meetings a year, the minimum set by statute. These costs can be higher depending on where a board member lives, the number of meetings held, or if all seven seats are filled during the year. There are no costs to the Division of Agriculture for the creamery corporation meetings. The new board of agriculture, it would be reasonable to assume, would need to meet initially at least twice as many times or more (16) since the proposed board has an expanded mission and operates as an independent unit. We estimate at least \$9.0 increase in meeting expenses. This \$9.0 is reflected in the fiscal note.

Prepared by: Robert Wells *[Signature]* Phone: 907-745-7200  
 Division: Division of Agriculture Date: 07-Feb-00  
 Approved by Commissioner: John Shively *[Signature]* Date: 2-7-00  
 Agency: Natural Resources

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Until it is clarified what additional responsibilities (i.e. administer land sale contracts) we have to assume new administrative costs. It is unknown how many exempt staff the board may hire. Currently the Division of Agriculture - excluding the North Latitude Plant Materials Center has 16 full time positions and 2 part time positions. The new legislation allows for hiring of staff by a director appointed by the board. We do not know what staff this might include or the associated costs. We do not know if this staff would replace current staff or be an addition. Also, some Division of Mining, Land and Water functions are pulled into the proposed new organization.

**Changes in Revenue:**

Based on loans issued in FY99, each percent decline in the interest rate of the Agricultural Revolving Loan Fund loans will result in a corresponding decline in interest revenue that averages approximately \$20.0 annually over a five-year period. The revenue projections above reflect an estimated 2% reduction in interest.

Under Sec. 03.10.050 (e), the department has the authority to establish credits for persons who have a loan from the Agricultural Revolving Loan Fund and maintain good financial standing. The credits may be applied against no more than 2 percentage points a year of the interest due on Agricultural Revolving Loan Fund loans. (If a loan to a good borrower was at an interest rate of 5 percent, a 2 percent credit would set the annual interest rate for the year at 3 percent).

**Interest increase and (losses) for various changes in the interest rate:**

RATE	FY2001	FY2002	FY2003	FY2004	FY2005
10%	22,078.32	29,819.24	37,016.28	43,594.98	49,383.04
9%	11,039.16	14,909.62	18,508.14	21,797.49	24,691.52
8%	0.00	0.00	0.00	0.00	0.00
7%	(11,039.16)	(14,909.62)	(18,508.14)	(21,797.49)	(24,691.52)
6%	(22,078.32)	(29,819.24)	(37,016.28)	(43,594.98)	(49,383.04)
5%	(33,117.48)	(44,728.86)	(55,524.42)	(65,392.47)	(74,074.56)
4%	(44,156.64)	(59,638.48)	(74,032.56)	(87,189.96)	(98,766.08)
3%	(55,195.80)	(74,548.10)	(92,540.70)	(108,987.45)	(123,457.60)

**PLEASE NOTE:** These projections are based on FY99 actuals and reflect estimated increases and decreases in interest revenues.