

ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE

March 19, 2010

3:21 p.m.

MEMBERS PRESENT

Representative Kurt Olson, Chair
Representative Bob Lynn
Representative Tammie Wilson
Representative Robert L. "Bob" Buch
Representative Lindsey Holmes

MEMBERS ABSENT

Representative Mark Neuman, Vice Chair
Representative Mike Chenault

COMMITTEE CALENDAR

HOUSE BILL NO. 282

"An Act relating to naturopaths and to the practice of naturopathy; establishing an Alaska Naturopathic Medical Board; authorizing medical assistance program coverage of naturopathic services; amending the definition of 'practice of medicine'; and providing for an effective date."

- MOVED CSHB 282(L&C) OUT OF COMMITTEE

HOUSE BILL NO. 383

"An Act relating to the powers and duties of the Department of Natural Resources, including transferring certain powers and duties to the Department of Commerce, Community, and Economic Development."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 282

SHORT TITLE: NATUROPATHS

SPONSOR(S): REPRESENTATIVE(S) MUNOZ

01/15/10	(H)	PREFILE RELEASED 1/15/10
01/19/10	(H)	READ THE FIRST TIME - REFERRALS
01/19/10	(H)	L&C, HSS, JUD, FIN
01/25/10	(H)	JUD REFERRAL REMOVED

03/01/10 (H) L&C AT 3:15 PM BARNES 124
03/01/10 (H) Heard & Held
03/01/10 (H) MINUTE(L&C)
03/10/10 (H) L&C AT 3:15 PM BARNES 124
03/10/10 (H) Heard & Held
03/10/10 (H) MINUTE(L&C)
03/19/10 (H) L&C AT 3:15 PM BARNES 124

BILL: HB 383

SHORT TITLE: TRANSFER CERTAIN DNR DUTIES TO DCCED
SPONSOR(S): REPRESENTATIVE(S) RAMRAS

02/23/10 (H) READ THE FIRST TIME - REFERRALS
02/23/10 (H) L&C, RES, FIN
03/19/10 (H) L&C AT 3:15 PM BARNES 124

WITNESS REGISTER

KENDRA KLOSTER, Staff
Representative Cathy Munoz
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: On behalf of the prime sponsor,
Representative Cathy Munoz, described changes to HB 282 in the
committee substitute.

REPRESENTATIVE JAY RAMRAS, Alaska State Legislature, Juneau,
Alaska

POSITION STATEMENT: Testified as prime sponsor of HB 383.

MARGARET DOWLING, Staff
Representative Jay Ramras
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Answered questions on behalf of the prime
sponsor, Representative Jay Ramras.

BERNIE KARL, President
Farm Bureau; Chena Fresh
Chena Hot Springs, Alaska

POSITION STATEMENT: Testified in support of HB 383.

JEFF WARNER, State Director
Future Farmers of Alaska (FAA)
Palmer, Alaska

POSITION STATEMENT: Testified during the discussion of HB 383.

TYSON FICK, Legislative Liaison
Office of the Commissioner
Department of Commerce, Community, & Economic Development
(DCCED)
Juneau, Alaska

POSITION STATEMENT: Testified during the discussion of HB 383.

PETER FELLMAN
Juneau, Alaska

POSITION STATEMENT: Testified during the discussion of HB 383.

FRANCI HEGELMEISER, Director
Division of Agriculture
Department of Natural Resources (DNR)
Palmer, Alaska

POSITION STATEMENT: Testified during the discussion of HB 383.

PAUL HUBERT, Owner
Palmer Produce
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 383.

AL POINDEXTER, Owner
Anchor Point Greenhouse
Anchor Point, Alaska

POSITION STATEMENT: Testified during the discussion of HB 383.

BRICE WRIGLEY, President
Alaska Farm Bureau
Delta Junction, Alaska.

POSITION STATEMENT: Testified during the discussion of HB 383.

RICHARD GATIS, Owner
Gatis Farms
Point McKenzie, Alaska

POSITION STATEMENT: Testified in support of HB 383.

LYNN GATIS
Gatis Farms
Point McKenzie, Alaska

POSITION STATEMENT: Testified during the discussion of HB 383.

ROBERT SHUMAKER
Palmer, Alaska

POSITION STATEMENT: Testified in support of HB 383.

ACTION NARRATIVE

[3:21:42 PM](#)

CHAIR KURT OLSON called the House Labor and Commerce Standing Committee meeting to order at 3:21 p.m. Representatives Buch, Lynn, T. Wilson, and Olson were present at the call to order. Representative Holmes arrived as the meeting was in progress.

HB 282-NATUROPATHS

[3:22:12 PM](#)

CHAIR OLSON announced that the first order of business would be HOUSE BILL NO. 282, "An Act relating to naturopaths and to the practice of naturopathy; establishing an Alaska Naturopathic Medical Board; authorizing medical assistance program coverage of naturopathic services; amending the definition of 'practice of medicine'; and providing for an effective date."

[3:22:17 PM](#)

CHAIR OLSON, after first determining no one else wished to testify, closed public testimony on HB 282.

The committee took an at-ease from 3:22 p.m. to 3:28 pm.

[3:28:54 PM](#)

REPRESENTATIVE BUCH made a motion to adopt the proposed committee substitute (CS), labeled 26-LS1208\C, Cook/Bullard, 3/18/10. There being no objection, Version C was before the committee.

[3:29:15 PM](#)

KENDRA KLOSTER, Staff, Representative Cathy Munoz, Alaska State Legislature, reviewed the changes to the bill. She referred to page 2, lines 26-27, which add a licensed physician and hospital administrator to the proposed Alaska Naturopathic Medical Board (ANMB). On page 2, lines 14-16, language was added to sunset the board June 30, 2015. On page 3, line 5, the number of board members for a quorum changed to four members due to the addition of two board members. On page 3, lines 13-20, removed the two-tier prescription provision and added language that would allow naturopaths to prescribe non-controlled drugs such as antibiotics, but restricted naturopaths from prescribing

controlled substances listed in federal law as schedule I-VI drugs. On page 3, lines 25-26, the pharmacists' association requested regulations define a physician-patient relationship for the purposes of prescribing.

[3:31:18 PM](#)

REPRESENTATIVE BUCH referred to page 3, line 19. He stated that he understood the exclusion but he thought the language was vague. He asked whether the provision could be rewritten to more clearly show that naturopaths are not allowed to prescribe schedule V drugs.

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REPRESENTATIVE HOLMES understood the concern that on page 3, line 19, that "or V" appears to be separate from schedule I, II, III, and IV.

REPRESENTATIVE BUCH agreed.

[3:33:48 PM](#)

REPRESENTATIVE BUCH maintained that by removing "or" would help to clarify the language since it seems confusing.

REPRESENTATIVE HOLMES suggested removing "a" from page 3, line 18 and 19, so it would read: "department; schedule IA, IIA, IIIA, IVA, VA and VIA controlled substances under state law or schedule I, II, III, IV, or V controlled substances under federal law may not be included on the list;"

[3:35:17 PM](#)

REPRESENTATIVE BUCH offered his belief that the only item being removed in the bill is schedule V from the federal list.

REPRESENTATIVE HOLMES related that this removes all of the previously mentioned schedules. She reiterated that the bill would exclude all of the controlled substance schedules from the list of drugs that Naturopaths can prescribe.

CHAIR OLSON agreed.

REPRESENTATIVE BUCH related that schedule V was the most comprehensive list of controlled substances under federal law. He removed his concern.

3:35:55 PM

REPRESENTATIVE T. WILSON referred to page 3, lines 25-26 and asked the reason for the definition for physician-patient relationship.

MS. KLOSTER explained that the regulations define a physician-patient relationship for the purposes of prescribing and limits the prescribing to patients the Naturopathic Doctor (ND) is treating.

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MS. KLOSTER, in response to Chair Olson, agreed that the patient must have been seen by the ND.

3:36:38 PM

REPRESENTATIVE T. WILSON said she thought that was clear.

MS. KLOSTER commented that the pharmacists felt more comfortable and the language was similar to language for optometrists. In response to Representative Holmes, she explained that the specific language for physician-patient relationship is found on page 3, lines 25-26, and on page 5, lines 16-18.

MS. KLOSTER related that concludes the changes in the proposed CS, except for technical changes.

3:38:05 PM

CHAIR OLSON removed his objection.

REPRESENTATIVE LYNN recalled that approximately 40 naturopaths practice with a 7 member board administering only 40 people. He inquired as to whether any other boards administer so few.

MS. KLOSTER was unsure. She offered her belief that the standard is 5 to 7 board members, but the physician and a hospital administrator were added. In further response to Representative Lynn, she agreed the increase in membership would likely increase the fiscal note, which would be reviewed by the next committee.

CHAIR OLSON pointed out that this bill would likely encourage more naturopaths to practice in the state.

[3:40:01 PM](#)

REPRESENTATIVE T. WILSON asked whether naturopathic physicians should be reflected on page 3, line 25. She did not wish to stop the bill but thought it might mislead some people.

REPRESENTATIVE BUCH recalled the pharmacists did not want to verify the patient had a valid prescription. Thus, the onus is on the ND to provide proof that the patient was entitled to the prescription. He related that the ND would call the pharmacy to authorize the prescription.

[3:43:56 PM](#)

CHAIR OLSON referred to page 3, line 13, and related that the board will define the physician-patient relationship.

REPRESENTATIVE T. WILSON explained her question is related to the terminology. She had complaints from hospitals that want to distinguish between physicians and NDs.

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The committee took an at-ease from 3:44 p.m. to 3:45 p.m.

[3:45:43 PM](#)

REPRESENTATIVE T. WILSON wanted consistency in the relationship between physicians and naturopathic physicians. Other physicians wanted distinction between physicians and naturopathic physicians.

MS. KLOSTER referred to page 7, lines 1-5, which will address the concern.

[3:46:40 PM](#)

REPRESENTATIVE LYNN asked whether a fiscal note was attached to the bill.

[3:47:00 PM](#)

CHAIR OLSON related the bill has two other committee referrals.

[3:47:48 PM](#)

REPRESENTATIVE HOLMES moved to report the proposed committee substitute (CS) labeled 26-LS1208\C, Cook/Bullard, 3/18/10 out of committee with individual recommendations and the accompanying fiscal note.

REPRESENTATIVE T. WILSON objected.

REPRESENTATIVE T. WILSON noted she received an objection from a constituent prior to the committee meeting and she is working to address the concern. She removed her objection.

There being no further objections, the CSHB 282(L&C) was reported from the House Labor and Commerce Standing Committee.

[3:48:40 PM](#)

The committee took an at-ease from 3:48 p.m. to 3:51 p.m.

HB 383-TRANSFER CERTAIN DNR DUTIES TO DCCED

[3:51:43 PM](#)

CHAIR OLSON announced that the final order of business would be HOUSE BILL NO. 383, "An Act relating to the powers and duties of the Department of Natural Resources, including transferring certain powers and duties to the Department of Commerce, Community, and Economic Development."

[3:51:47 PM](#)

REPRESENTATIVE JAY RAMRAS, Alaska State Legislature, Juneau, Alaska, stated he is passionate about agriculture and owns a commercial greenhouse. He related that he grew over 5,000 pounds of tomatoes and employs Future Farmers of America (FFA) youth in his greenhouse operation. Many legislators have viewed his hydroponic growing operation. He has been working with scientists and professors to teach children to grow tomatoes and lettuce. He has toured the Matanuska-Susitna Valley and supports Made in Alaska and Alaska Grown groups. He is cognizant of the Division of Agriculture within the DNR. He paraphrased from his sponsor statement [original punctuation provided]:

The Department of Natural Resources is one of Alaska's largest departments. It oversees the most significant and lucrative resource base in the state: oil and gas. The Division of Oil & Gas budget, combined with

budgets for gas pipeline development and Petroleum Systems Integrity, exceeds \$18 million. DNR has many other jurisdictions, from mining and timber to parks and recreation, but clearly oil and gas development and land management are DNR's most important focus. Most Alaskans would agree that oversight of Alaska's most lucrative resource, the lifeblood of the state budget, is an appropriate focus for the department.

The Division of Agriculture is currently under the auspices of DNR. Unfortunately, with the immensity and power of DNR's focus on oil and gas, it may be unwittingly overlooking the Division of Agriculture. For many years farmers and ranchers in Alaska have expressed concern that the Division of Agriculture - as a relatively small division - simply does not get the attention it needs. Agriculture is a significant industry in Alaska, but there is room for expansion. Farms in Alaska cover more than 900,000 acres in five boroughs and in 2008 that acreage had an approximate value of \$22,700,000. Yet only three percent of Alaska's food is grown in our state. Many Alaskans believe that the Division of Agriculture could better meet its mission "to encourage and promote development of an agriculture industry in the State" if the division found a home in a smaller, less diversified agency with a mission more compatible with its own.

The Department of Commerce, Community & Economic Development most fits the bill. Not only does DCCED share a similar mission, "promoting a strong economy and healthy communities," it also has valuable expertise in marketing Alaska products, promoting economic and industrial development, and managing revolving loan funds. This expertise will be an asset to the Division of Agriculture as it works to enhance and promote an agriculture industry in Alaska. HB 383 proposes to move the Division of Agriculture to the DCCED where it will get the support and attention needed to fulfill its mission.

REPRESENTATIVE RAMRAS offered that the Division of Agriculture is best served in the DCCED. He related that 40 years ago, from 1962 to 1968 Sig Restad was the director. The Division of Agriculture as the poor stepchild of DNR is not new. The DNR's focus is on mining and land and not on agriculture.

[3:55:48 PM](#)

REPRESENTATIVE RAMRAS advocated for a smaller, less diversified agency. He explained that 13 years ago Representative James created the Division of Agriculture. This bill does not dismantle the division or close any offices or jobs, nor does it change the Agricultural Revolving Loan Fund (ARLF) which remains the same, he stated. The mission is also the same. The bill proposes to move the Division of Agriculture to the DCCED where it will get the support and attention needed to fulfill its mission.

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REPRESENTATIVE BUCH referred to page 3, line 22 to proposed section 5, and related that elk is singled out. He noted that musk ox and other species are also raised in Alaska.

REPRESENTATIVE RAMRAS said he was not sure.

MARGARET DOWLING, Staff, Representative Jay Ramras, Alaska State Legislature, explained that no changes were made to the function. She said that it lifted out DNR and replaced it with DCCED in each place in this chapter. She offered that there are no substantive changes.

REPRESENTATIVE BUCH asked whether there is any intent to change the statutes.

MS. DOWLING answered no.

[4:03:18 PM](#)

REPRESENTATIVE T. WILSON offered her belief that agriculture needs more attention in the state. She asked whether the regulation of cheese would be done by this division.

REPRESENTATIVE RAMRAS offered that Department of Environmental Conservation (DEC) regulates different types of things. He hoped that this bill would lead to meaningful discussions. He would like to see an agriculture caucus to discuss these types of issues.

REPRESENTATIVE T. WILSON understood an ARLF program exists and asked if that component would also be transferred.

MS. DOWLING agreed. She pointed out that there are not any changes to the structure of the ARLF. The ARLF is lifted intact and would be moved to a different department.

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MS. DOWLING, in response to Representative T. Wilson, reiterated that the program would not be changed. She elaborated that other programs the Division of Agriculture manages, including Plant Materials Center, the Alaska Grown and other components of the Division of Agriculture would be transferred to DCCED.

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BERNIE KARL, President, Farm Bureau; Chena Fresh, Chena Hot Springs, related that the Division of Agriculture has been an "ugly stepchild." He said he is personally involved with agriculture. He applauded the work the director of the Division of Agriculture has done. Alaska only "grows two percent of the food we eat." He stressed the importance of growing food. Last year, America imported 40 percent of our food. Alaska should "lead this parade" in food security for ourselves. Alaska should be the breadbasket and has the ability to do so. He does not view agriculture as moving forward in the state. He related that oil and gas are important and He thinks the Division of Agriculture will be a shining star in DCCED. He did not see any downside risk.

[4:09:24 PM](#)

MR. KARL reiterated that Alaska only grows "two percent of what we eat." Alaska has land and a good growing season. Chena Hot Springs has two greenhouses based on knowledge acquired from the University of Alaska Fairbanks. He applauded the professors and said they are "great". He related that Fairbanks is growing food at minus 60 degrees. He said, "The brightest and best times are ahead for Alaska. But it is not as business as usual. We need to reinvent ourselves. We need to think to the future." He added an aside that the state needs to build the "bullet line."

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CHAIR OLSON offered his congratulations on his upcoming award.

[4:10:59 PM](#)

JEFF WARNER, State Director, Future Farmers of America (FFA), stated Alaska has the ability to feed the state and provide materials to process milk and feed our livestock. He offered his belief that the FFA is the future of Alaska. Alaska has 365 million acres, and sufficient revenues, but does not have adequate programs to teach young people how to develop the industries. He stated that Alaska needs a progressive agricultural industry throughout Alaska. Many areas of the state including Ruby, Nome, Kotzebue, and many rural communities should grow their own food. He commented on his own opportunities in the Interior. He appreciates what the Division of Agriculture has done, but believes it needs to be taken to the next step and make agriculture a viable economic resource for Alaska. He stated that agriculture is one of the largest employers nationwide but one of the smallest employers in Alaska. He explained that Alaska has a vulnerable three-day food supply on our shelves and Alaska needs to take steps to grow its own food. He offered his support for HB 383.

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TYSON FICK, Legislative Liaison, Office of the Commissioner, Department of Commerce, Community, & Economic Development (DCCED), stated that this bill would lift the Division of Agriculture as a unit, under the direction of DCCED, but a number of technical issues would need to be addressed. The DCCED would like time to work through those issues. The mission of DNR is to develop, conserve, and enhance natural resources for present and future Alaskans. The DCCED's mission is to promote a healthy economy and strong communities. He was not certain how the proposed change would affect the Division of Agriculture, whose mission is to promote and develop an agriculture industry in the state. The DCCED and DNR work together on issues such as coastal zone management, and coastal impact assistance. The relationship has benefited from clear roles and responsibilities. He stated that the DCCED welcomes greater inter-departmental coordination. The DCCED Office of Economic Development has industry advocates in mining, fisheries, tourism, timber, and the recently revitalized film office. The DCCED observes efforts of the Alaska Grown farm products marketing program. The DCCED believes much could be achieved without the wholesale move of the division. The DCCED has extensive experience in managing loan funds, administered by the Division of Investments. The DCCED has experience in federal and state grant programs. He suggested the Plant Materials Research Center and the Mt. McKinley Meat and Sausage (MMM&S) may be odd fits for DCCED. The Plant Materials Research

Center grows native grass seed for re-vegetation and runs a full-scale research farm. In many states this would be a function of the university system. The Mt. McKinley Meat and Sausage (MMM&S) is managed by DNR but is processed by correctional facilities. He looked forward to working with the DNR on the Division of Agriculture issues.

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REPRESENTATIVE HOLMES asked if the department has a position on the bill.

MR. FICK related that the issue is a policy discussion and the DCCED has no position on the bill.

REPRESENTATIVE HOLMES referred to the fiscal notes, which appear to take budget of one and move to the other.

MR. FICK agreed the budget was simply transferred to DCCED.

[4:20:49 PM](#)

REPRESENTATIVE HOLMES assumed there would be some additional one-time costs for stationary and other costs.

MR. FICK stated that is "not fleshed out."

[4:21:21 PM](#)

MR. FICK, in response to Representative T. Wilson, restated DNR's mission, which is to develop, conserve, and enhance natural resources for present and future Alaskans. The DCCED's mission is to promote a healthy economy and strong communities.

REPRESENTATIVE T. WILSON said she thought the Division of Agriculture would better fit the DCCED's mission. She asked whether he thought the Division of Agriculture received enough attention.

MR. FICK said he could not offer an opinion since he works for DCCED.

[4:22:20 PM](#)

REPRESENTATIVE T. WILSON said, "I guess I'm going to go kind of where Bernie was going. If it doesn't work, you could always give it back, is that not true?"

MR. FICK related that it is the legislature's decision.

4:22:59 PM

PETER FELLMAN stated that while he is currently staff to Representative John Harris, he is testifying today as a farmer. He came to Alaska to farm, but agriculture was at its lowest point in 1987. He recalled the failures that were listed in the paper. He referred to a study on megaprojects that highlighted \$190 million was spent on agriculture in Alaska. Much of the money was used to clear land, put in roads and power lines, and ready it for farming, he stated. He offered his belief that very little money was spent and not much loss has been sustained since the land is still there and some of it is still being farmed. He thought the problem was that the Division of Agriculture was micromanaged. The DNR or Division of Agriculture mandated how big farmers needed to build their barns and how many cows they should milk instead of allowing the farmers to make prudent decisions about their farms. Thus, bottlenecks occurred. In 1977, Alaska was producing more meat, chicken, meat, wool, eggs, and hay crops than it does today. According to the USDA statistics Alaska out-produced then what it is currently produces today.

MR. FELLMAN said, "We threw this money at it. We had land open up and we had willing farmers. The fact is that you can farm in Alaska." He restated that farming is possible in Alaska and people will buy their products.

4:26:09 PM

MR. FELLMAN offered his belief that the problem "boils down" to marketing, regulations, and the way government has chosen to invest in agriculture. With respect to marketing, farmers will farm and people have to eat. The hang-up is the marketing in the middle. He thought money could be invested in infrastructure, such as a flash freezing plant so farmers could rent the facility. The state puts money into roads and fish hatcheries, but agriculture is also good for the people. He offered that the farmers do not need regulations that will inhibit people from producing. Agriculture needs departments that work together to develop regulations specifically for Alaska. Alaska does not export food so the DNR, DEC, and the Division of Agriculture should work with the farmers to enhance farming to streamline the process.

[4:28:33 PM](#)

MR. FELLMAN said, "If it was me, and I was sitting on the top, I'd be selling Alaska as the last stronghold of the family farm." In some ways, Alaska is 50 to 100 years behind the Lower 48 but Alaska has a closed market, virgin soil, clean land, and a clean environment. He offered that Alaska does not need corporate farming. He said, "We need to have family farms and you start those by allowing the departments to work together. He was unsure whether the Division of Agriculture should be moved to DCCED. He said, "I do not know all the answers to that one. I do know I've been in this since 1987, and nothing has changed. We still have the same problems today that we had in 1987. Maybe we can kick this thing a little bit, spur the horse, and get it moving again." He was not sure moving the division was necessary but he thought it was worth discussing.

[4:29:50 PM](#)

REPRESENTATIVE T. WILSON asked whether the agricultural community is getting what it needs in DNR to be more viable.

MR. FELLMAN expressed concern. He recalled some questions that were raised during the administration's transition, such as "Why shouldn't we just let agriculture die?" He related that farmers do not ask for handouts. He stated that if someone is regulated to the point that it is necessary to invest \$350,000 for a small milk facility, the repayment schedule is several thousand dollars per month. He said, "You can't milk 20 cows or 20 goats to reach that kind of payback." Thus, overregulation means the farmer must have more land or equipment, which has "broke" a lot of farms. He described his own farming experience, in which his 240 acres of land was forested. The state required the land be cleared in five years. He had to borrow funds to clear the land to meet the regulations. He then had to milk more cows, obtain hired help, and buy bigger equipment, which simply became a cycle. He blamed regulations. He suggested allowing farming to start small and build. Thus, the market would be secure and farmers could make their payments.

[4:33:13 PM](#)

REPRESENTATIVE T. WILSON asked whether he saw any harm with the transition.

MR. FELLMAN said, "Well, I guess we could always move it back if it doesn't work."

4:33:28 PM

FRANCI HEGELMEISER, Director, Division of Agriculture, Department of Natural Resources (DNR), thanked the sponsor for introducing the bill, which fosters an open discussion about the agriculture industry in Alaska. She related that agriculture has been her family's life, that her husband's family has been actively involved with agriculture since 1935, when the colonists came to Palmer. She would like to see her children appreciate the opportunities that agriculture can bring to Alaska. She acknowledged that there may be benefits to keep the division as it is, but these are policy calls. The goals have been outlined in the division's ten year plan. The sponsor asked for five issues the agriculture community could benefit. The division has a long term plan called, "Building a Sustainable Agriculture Industry." This plan was compiled last year. The top areas addressed in the plan include increased marketing, including educating consumers on the health benefits of locally grown food.

MS. HEGELMEISER suggested that the Division of Agriculture lacks infrastructure development, needs outreach education and recruiting. The division continues to partner with agricultural youth education. Our children are at least two generations removed from the farm. The average age of Alaskan farmers is 57. She said, "It is imperative that our young people know that their food does not come from the grocery store and in saran wrap and may gain the expertise needed to produce food for future generations." Continued support was mentioned by industry for the plant materials center, which is the research and development arm of the Division of Agriculture and the primary purpose is the production of high quality seed. Another area of interest that was reiterated within the industry is the continued support of the ARLF. This is a vital way to provide funds for land development, provides funds for operating loans, and is an important piece of the agriculture community.

4:37:02 PM

PAUL HUBERT, Owner, Palmer Produce, stated that he is 100 percent in support of the legislation. He related that he has been involved in the since 1950s in farming operations. He markets wholesale. He heard criticisms of regulations, which are primarily federal regulations. He said it is important that inspections be done in the state and farmers cannot market to the entities without providing wholesome food. He stated that

he markets for small growers that produce rhubarb, lettuce, cabbage, and potatoes. He services the Railbelt area from Fairbanks to Anchorage. He ships products and lamented the shipping costs to rural Alaska, such as to St. Marys. He used the ARLF for loans and repaid the loans which were used to build several warehouses and put in a vacuum cooling system. He said, "We can take 150 cases of head lettuce and chill it from 80 degrees, and 15 minutes later the temperature is 34 degrees." He stated that keeping in tune with the market is critical. He follows the market by tracking the USDA. He stated that the Division of Agriculture has been "a second cousin." He related his involvement. He said he had a fellow say that you cannot make long-range plans with short-range economic studies. He related that if the Division of Agriculture is transferred, that all agriculture classified lands also be transferred. He asked to have the agriculture lands preserved for the future.

[4:42:34 PM](#)

AL POINDEXTER, Owner, Anchor Point Greenhouse, stated that he produces two potting soils called Fishy Peat and Alaska Earth. He grows bedding plants and produce. He has been a teacher for 20 years and worked with the FFA. He said he was born in 1948 in Seward. He stated he has been involved in agriculture his whole life. He thought that the Division of Agriculture should be a department. He suggested that the agriculture statutes need work. He also suggested that the ARLF and Board of Agriculture and Conservation should be addressed. The board's only authority is to accept or deny loan applications and it has no other authority. Soil conservation should be part of agriculture and should also be moved. He encouraged members to provide for education. He said the Division of Agriculture promotes FFA and 4-H, but monetarily does not have any support. The department does not promote education. He offered his belief that education is important to obtain jobs and become entrepreneurs.

[4:46:51 PM](#)

MR. POINDEXTER related that some FFA members have become landscapers, environmental engineers, or grow potatoes. He thought the FFA could help provide jobs for others. He said he believes there are lots of opportunities. He suggested the statute should address land scholarships that could be offered to those students graduating from programs, who could obtain a ten-acre parcel to start a small family farm. He recalled in the late 1950s there was a chicken farm operating in Seward.

The company provided fresh eggs to the Railbelt. He recalled that Aniak had a farm. He offered his belief that what happened was oil and gas industry needed skilled workers and the farmers provided the necessary skills. He stated that since then the state has not educated or promoted future generations to move forward. He supported HB 383.

[4:49:51 PM](#)

BRICE WRIGLEY, President, Alaska Farm Bureau, Delta Junction, stated that the Division of Agriculture is in the shadow of oil and gas. He stated that the agriculture community has had the sense that the DNR has not had time to adequately address the development of agriculture since it is preoccupied with oil and gas. Governor Hammond's job opportunities laid out a ten year plan. In 1982, Delta lost the crop due to an early snow. Thus, the government "threw the baby out with the bath water." In reality, any place where food is grown has natural weather challenges. Alaska has not developed an agriculture culture. Everywhere else, agriculture was the basis for civilization. The support for development of agriculture died out in the 1980s. He supports HB 383 since Alaska needs to establish a priority to feed our citizens. The state needs to feed its citizens. A disruption in the transportation system can create problems. He attended a conference and people asked whether it would be better to move the Division of Agriculture. He said that based on past 30 years, the Division of Agriculture would continue to scratch. He suggested that the Division of Agriculture remains intact. He would like to see inspections of meat, milk, and cheese moved back to the Division of Agriculture. He agreed the lands designated as agriculture lands held by DNR should move with the Division of Agriculture. The lands are not productive and have not contributed to economic stability as state lands. Agriculture is a business and DCCED is logical place to "move a business forward."

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RICHARD GATIS, Owner, Gatis Farms, stated that he has been in operation 10 years. Last year his farm produced 600 tons of timothy hay for livestock. He cleared the land and since he has an income as a full-time airline captain, he can afford to be a farmer. He testified in favor of the change from DNR to DCCED. The "status quo" is not working. He offered his belief that it is important that the state define goals for domestic and export production. One problem is a lack of economy of scale, with little cooperation. It costs more to be a farmer in Alaska and

Alaska has a disadvantage due to shipping costs. He recalled that California's real estate taxes were based on the production value of the land versus the land value. Grazing lands were taxed at low rates making for land retention feasible. The cost of land and taxes makes it difficult to have a sustainable farm. He suggested low interest loans and incentives for good payment history. He said "the squeaky wheel got the grease." He stated that when agriculture is run like a business, with a reasonable return on investment, "then and only then will Ag move forward and grow."

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LYNN GATIS, Gatis Farms, stated that her family currently produces hay. She said, "As a lifelong Alaska, I've been concerned that agriculture in the State of Alaska has been underutilized." She would like the state to have a plan for people and animals in case of a catastrophic emergency. She offered her belief the Division of Agriculture should be run in a business-like fashion, in which leadership and planning allows Alaskan farmers to know the direction. She supports moving from DNR to DCCED. She said, "I believe Representative Ramras is on the right track to keeping the budget and staffing intact and just moving it." She stated that sometimes "change" is a catalyst for growth.

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ROBERT SHUMAKER stated that he is a Matanuska-Susitna Valley farmer and has worked with the 4-H and FFA program. He works on 300 acres of hay, has raised pigs for 20 years, milks dairy cows, raises chickens, and does a variety of farming. He has a three-acre garden and will participate in three local markets and booths. The Division of Agriculture has always helped. He said, "I'm having trouble understanding why everybody keeps giving the division a black eye." The DCCED markets and promotes tourism, which is declining and promotes seafood. He asked what the DCCED could do for agriculture, which is a natural resource. He offered his belief that it is necessary to distinguish between real estate and agriculture. He said he is the president of the Alaska Farmers Union, whose 30 members are completely comprised of farmers. He shared some board comments, including the following: We should chew on this idea. The bill does not look like a priority for anyone except the representative that promoted it. Their gut reaction is to oppose the bill. The biggest question is what the reason is for the change. His members believe that agriculture is still a

renewable resource, and should stay under the DNR. He disagreed that the DNR focuses only on oil and gas. He related that the DNR gave a presentation on agriculture lands, the potential of agriculture lands, and offered his belief that the department is in touch with agriculture. He viewed the problem as underfunding the Division of Agriculture. He related his understanding that the ARLF fund was used to fund operations, including paying salaries instead of providing loans. He maintained that the legislature needs to fund the Division of Agriculture. He did not think relocating the division is a "move in the right direction." He recalled prior testimony that the outcome of the Mt. McKinley Meat & Sausage (MMM&S) and Plant Materials Center is uncertain if the Division of Agriculture is relocated to the DCCED. He said that kids sell their farm animals after the state fair and the farm animals are slaughtered in Palmer. He said that the answer is not to move the Division of Agriculture but to adequately fund it. He appreciated the time and comments made today. He related that farmers are working to build an industry and he thought some information was a little misleading. He said, "There may be 900,000 acres in agriculture, but I can guarantee you the biggest majority of that is in reindeer herding. To you that may be farming, but most of us down here don't have a farm that big." He thanked the committee.

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CHAIR OLSON, after first determining no one else wished to testify, closed public testimony on HB 383.

[HB 383 was held over.]

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ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 5.06 p.m.