

ALASKA STATE LEGISLATURE
HOUSE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

March 27, 2014

8:05 a.m.

MEMBERS PRESENT

Representative Gabrielle LeDoux, Co-Chair
Representative Benjamin Nageak, Co-Chair
Representative Neal Foster
Representative Bob Herron
Representative Kurt Olson
Representative Lora Reinbold
Representative Sam Kito III

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 317

"An Act relating to official traffic-control devices at schools and in school zones."

- HEARD & HELD

SPONSOR SUBSTITUE FOR HOUSE BILL NO. 238

"An Act relating to the state and municipal procurement preferences for agricultural products harvested in the state and fisheries products harvested or processed in the state; relating to legislative oversight of those procurement preferences; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 317

SHORT TITLE: TRAFFIC CONTROL DEVICES NEAR SCHOOLS

SPONSOR(S): REPRESENTATIVE(S) TUCK

02/19/14	(H)	READ THE FIRST TIME - REFERRALS
02/19/14	(H)	CRA, TRA
03/13/14	(H)	CRA AT 8:00 AM BARNES 124
03/13/14	(H)	Heard & Held
03/13/14	(H)	MINUTE(CRA)

03/27/14 (H) CRA AT 8:00 AM BARNES 124

BILL: HB 238

SHORT TITLE: PROCUREMENT PREF: AK GROWN FISH/AG PRODS

SPONSOR(S): REPRESENTATIVE(S) TARR, GARA

01/21/14 (H) PREFILE RELEASED 1/10/14
01/21/14 (H) READ THE FIRST TIME - REFERRALS
01/21/14 (H) CRA, FIN
02/21/14 (H) SPONSOR SUBSTITUTE INTRODUCED
02/21/14 (H) READ THE FIRST TIME - REFERRALS
02/21/14 (H) CRA, FIN
03/18/14 (H) CRA AT 8:00 AM BARNES 124
03/18/14 (H) -- MEETING CANCELED --
03/27/14 (H) CRA AT 8:00 AM BARNES 124

WITNESS REGISTER

KENDRA CLOSTER, Staff
Representative Chris Tuck
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 317 on behalf of Representative Tuck.

CONNIE MCKENZIE, Legislative Liaison
Department of Transportation & Public Facilities (DOT)
Juneau, Alaska

POSITION STATEMENT: Spoke to the fiscal note for CSHB 317.

REPRESENTATIVE GERON TARR
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented SSHB 238 as sponsor.

DANNY CONSENSTEIN
State Executive Director
U.S. Department of Agriculture Farm Service Agency, Alaska
Member, Governing Board of Alaska Food Policy Council

POSITION STATEMENT: Testified in support of SSHB 238.

BRYCE WRIGLEY, President
Alaska Farm Bureau
Delta Junction, Alaska

POSITION STATEMENT: Testified in support of SSHB 238.

ALISON ARIANS, Owner

Rise and Shine Bakery
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SSHB 238.

ACTION NARRATIVE

8:05:50 AM

CO-CHAIR GABRIELLE LEDOUX called the House Community and Regional Affairs Standing Committee meeting to order at 8:05 a.m. Representatives Olson, Reinbold, Kito III, LeDoux, and Nageak were present at the call to order. Representatives Foster and Herron arrived as the meeting was in progress.

HB 317-TRAFFIC CONTROL DEVICES NEAR SCHOOLS

8:06:38 AM

CO-CHAIR LEDOUX announced that the first order of business would be HOUSE BILL NO. 317, "An Act relating to official traffic-control devices at schools and in school zones."

KENDRA CLOSTER, Staff, Representative Chris Tuck, Alaska State Legislature, noted that there was a committee substitute.

The committee took an at-ease from 8:08 a.m. to 8:09 a.m.

8:09:05 AM

CO-CHAIR NAGEAK moved to adopt the committee substitute (CS) for HB 317, labeled 28-LS1442\U, Gardner, 3/26/14, as the working document.

CO-CHAIR LEDOUX objected for purposes of discussion.

MS. CLOSTER said HB 317 was the subject of multiple meetings with Assistant Attorney General Jeff Stark, Doug Gardner [Director of Legislative Legal Services], and the Department of Transportation and Public Facilities (DOT) to ensure that the bill contained the appropriate language for putting traffic control devices around all schools. She said, "Section 1 was added in to update the uniform system of traffic marking and posting," and Section 2 updates AS 19.10.040 and adds the definition of "school." Sections 3 and 4 update AS 19.10.050 with regard to markings, postings, and signals, she explained, "so, it's just letting them know that we need to use our

definition of school, which is a little bit broader than saying we need to cover our charter schools and all public schools and religious schools." Section 5 is similar to the previous version, "and Section 6 is our definition of school, which remains the same." She summarized that the CS just clarifies what needs to be done in making sure that DOT is allowed to use the different types of appropriate traffic control devices.

[8:12:20 AM](#)

The committee took an at-ease from 8:11 a.m. to 8:12 a.m.

[8:12:49 AM](#)

CO-CHAIR LEDOUX announced that CSHB 317 would be held over because the committee just received it today. She was expecting someone from DOT to discuss the fiscal implications of the CS.

MS. CLOSTER said DOT is present. The fiscal note will drop dramatically, according to DOT, but there will not be an updated fiscal note until the CS has been adopted.

[8:13:58 AM](#)

CONNIE MCKENZIE, Legislative Liaison, Department of Transportation & Public Facilities (DOT), said DOT's traffic and safety engineers are reviewing the CS and preparing a new fiscal note.

[8:14:31 AM](#)

CO-CHAIR LEDOUX said she would like to see the fiscal note, so she withdrew her objection to adopting the CS. There being no objection, Version U was before the committee.

[CSHB 317 was held over.]

HB 238-PROCUREMENT PEF: AK GROWN FISH/AG PRODS

[8:15:11 AM](#)

CO-CHAIR LEDOUX announced that the final order of business would be SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 238, "An Act relating to the state and municipal procurement preferences for agricultural products harvested in the state and fisheries products harvested or processed in the state; relating to

legislative oversight of those procurement preferences; and providing for an effective date."

[8:15:27 AM](#)

REPRESENTATIVE GERON TARR, Alaska State Legislature, noted a trend in Alaska for using Alaska-grown produce and Alaska-made products. This growing interest in supporting the agriculture industry is evidenced by new farmer's markets and community supported agriculture (CSA) ventures, she said. She mentioned Tim Meyers, who is known for his efforts to farm in the harsh climate of Bethel. She added that she has been working with farmers in Alaska, and she helped start the Anchorage Farmer's Market and the Alaska Organic Association. She and others have been considering how the state could support the Alaska agriculture industry, "and today we are talking about something where we can really do it right." Currently, there is the "7 percent statute" whereby if an Alaskan-grown fisheries or agricultural product is within 7 percent of the price found from Outside products, then [the state] can buy the Alaska product. However, it appears that 7 percent may not provide enough flexibility to really capture the Alaska-grown market, she stated. "We spend \$2.5 billion annually on food," but only 5 percent of that is spent on Alaskan food, she added. If it went up to 30 percent, it could grow Alaska's economy by \$750,000 per year, and this bill is intended to increase the opportunity for Alaska schools, agencies, and municipalities to buy more Alaska-grown products.

REPRESENTATIVE TARR said, "If you think of a shopping center starting out, you're looking for anchor tenants, and once you have those anchor tenants, then you can go and build the boutique stores." In growing Alaska's agriculture industry and its food security system, these institutional purchasers would be the anchor tenants that would then allow farmers to expand their operations to then provide items to local grocery stores and markets. She said that SSHB 238 is a priority of the Alaska Food Policy Council. The bill had an audit provision to track purchasing by state agencies "to see what's happening and give us an opportunity to work more closely with departments in making those purchases," but Legislative Budget and Audit (LB&A) advisors said the language did not need to be in the legislation; a special audit could be requested instead. That change keeps the fiscal note at zero, she added.

[8:21:22 AM](#)

CO-CHAIR LEDOUX said the money would still be spent, whether the audit is in the legislation or done by request. "Isn't that just a way of avoiding the finance committee as opposed to actually saving money?"

REPRESENTATIVE TARR said that LB&A told her that it has capacity with existing staff, and an audit would just be part of its regular duties.

[8:22:19 AM](#)

CO-CHAIR NAGEAK added that there will be financial consequences by going from 7 percent to 12 percent.

REPRESENTATIVE TARR said that the effective date is delayed to 2016, which will provide time to work with departments to facilitate connections with farmers. The financial impact would be seen in the department budget requests for the following year, she noted. The statutory change gives the departments the opportunity to pursue the Alaska products, which could increase their overall budget for food purchasing.

[8:24:07 AM](#)

CO-CHAIR LEDOUX said she feels uncomfortable eliminating the fiscal note and skirting the finance committee, "and I think we're talking about a significant outlay of state dollars."

REPRESENTATIVE KITO III noted that Legislative Audit and Budget performs hundreds of audits every year, and this audit would not be statutorily required and would likely not happen every year.

[8:25:12 AM](#)

REPRESENTATIVE TARR said she had no intent to eliminate a referral to the finance committee; the request came from LB&A because "this is what they do." She agreed that there might be financial implications in a future budget, but she wants the time to work with the departments and farmers to see where relationships can be built, and then it might be time to look for funding.

[8:26:43 AM](#)

REPRESENTATIVE KITO III moved to adopt Amendment 1, labeled 28-LS1167\U.1, Bullard, 3/24/14, as follows [original punctuation provided]:

Page 1, line 3:
Delete "**relating to legislative oversight of those procurement preferences;**"

Page 1, line 6, through page 3, line 2:
Delete all material.

Page 3, line 3:
Delete "**Sec. 2**"
Insert "**Section 1**"

Renumber the following bill sections accordingly.

Page 3, lines 24 - 29:
Delete all material.

Renumber the following bill section accordingly.

Page 3, line 30:
Delete "Sections 2 - 5 of this Act take"
Insert "This Act takes"

CO-CHAIR LEDOUX objected for purposes of discussion.

REPRESENTATIVE KITO III explained that Amendment 1 deletes Section 1, which is the annual audit requirement.

[8:28:02 AM](#)

CO-CHAIR LEDOUX withdrew her objection to Amendment 1. There being no further objections, Amendment 1 was adopted. She then opened public testimony.

[8:29:10 AM](#)

DANNY CONSENSTEIN, State Executive Director, U.S. Department of Agriculture Farm Service Agency-Alaska, said he also sits on the Governor's Alaska Food Resource Working Group, which was formed as a result of the passage of HCR 1 by the legislature last year. He said the group provides recommendations for policy changes that can increase the use of locally harvested food by state and local institutions, agencies, and schools, and SSHB 238 is in line with that purpose. The Alaska Food Policy Council was formed a few years ago and has over 200 stakeholders from around Alaska. Members promote strengthening the Alaska food system to better serve Alaskans by building the economy,

improving health, and providing food security and preparedness in terms of emergencies and self-sufficiency. One of the priorities of the council is the enforcement of the [Alaska food] statute. If there was one thing the state could do to build a stronger food system, it would be to act as a stronger purchaser, he stated. Once the state provides the demand, the fishing industry and farmers can come in and meet that demand.

[8:34:33 AM](#)

BRYCE WRIGLEY, President, Alaska Farm Bureau, said the Alaska Farm Bureau represents about 350 farming families. He noted that he is a producer and grower, and he owns the Alaska Flour Company. One of the challenges that farmers face is access to market. He said 95 percent of people in Alaska shop at the big box stores, and the distribution system for those stores is difficult to break into. In order to expand the market and justify an increasing growing and processing capacity, there must be access to market. He stated that the product preference in SSHB 238 will create a market that is outside of the normal distribution channel, which is important for Alaska food production.

MR. WRIGLEY encouraged the committee to view this effort as an investment, not a cost. Food security is both strategically and economically important. Local food systems will benefit Alaska tremendously; if each family in Alaska purchased \$5 of local food a week, it would result in \$27 million a year. He said, "We can grow a lot more than what is consumed in Alaska, and it would increase our food security; it would increase economic activity, especially in the rural areas; and all that together would benefit the rural areas as far as development, stability, [and] opportunity." He said he encouraged and appreciated the efforts to address this.

[8:38:17 AM](#)

ALISON ARIANS, Owner, Rise and Shine Bakery, said she is in Juneau to advocate for public school funding, but supporting locally-grown products is very important to her. She owns the Rise and Shine Bakery, and in the summer she sells her bread at the South Anchorage farmer's market. Anchorage farmer's markets have grown by leaps and bounds in the last six years, she noted, giving many more people easy access to fresh, locally-grown food. She co-owned the Glacier Valley Farm CSA for three years, but people starting getting tired of the same vegetables every week (cabbages, carrots, potatoes, and beets), and so she tried

to encourage farmers to grow different things, but it required infrastructure and investment and her business was too small. The state, however, is a much bigger customer, and SSHB 238 will offer incentives to try new crops and will grow opportunities for farmers, she stated. She added that she has been hearing about all the new and creative ways that schools have been using Alaska-grown products, and she finds it exciting to be able to use Alaska foods in our schools. She said to keep up the momentum of this growing movement.

[8:40:55 AM](#)

REPRESENTATIVE KITO III suggested changing the effective date of SSHB 238 so that schools, municipalities, and agencies can begin to use the new percentage this next fiscal year. He moved Conceptual Amendment 2, as follows:

Page 3, line 30, delete "2016" and insert "2015"

CO-CHAIR LEDOUX objected for discussion and then removed her objection. She then asked about the lack of a fiscal note.

[8:42:14 AM](#)

REPRESENTATIVE TARR said [there is no fiscal note].

CO-CHAIR LEDOUX said she will hold the bill. It has significant financial implications and should have a fiscal note.

REPRESENTATIVE TARR said she has been working with Kris Curtis of Legislative Budget and Audit who felt that a fiscal note would be unnecessary once the audit provision was removed, "but we will quickly work with her and get that remedied."

CO-CHAIR LEDOUX said the bill should have a fiscal note, because the 7 percent to 12 percent increase will have financial implications.

[8:43:25 AM](#)

REPRESENTATIVE FOSTER asked if schools have testified on the impacts of SSHB 238.

REPRESENTATIVE TARR said she has talked to the Farm-to-School program. Like for all other agencies, the legislation would just provide more flexibility when purchasing Alaska-grown products. The Farm-to-School program already has a special

grant, and it is in the budget to be reauthorized next year. There is a set amount of money to spend on that program, so, within that budget, SSHB 238 simply allows the program to consider additional products. She gave an example of a product, potatoes for instance, that might be 10 percent more expensive than Outside potatoes, and now the program would be allowed to choose Alaska potatoes. It would not require additional funding, she clarified.

[8:44:34 AM](#)

REPRESENTATIVE TARR said that SSHB 238 does not require state agencies to purchase the more expensive products, it will just provide the flexibility to do so. At this time, there is no price tag, but it is a step toward providing Alaskans with more market access.

CO-CHAIR LEDOUX closed public testimony.

[SSHB 238 was held over.]

[8:45:24 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Community and Regional Affairs Standing Committee meeting was adjourned at 8:45 a.m.