

**ALASKA STATE LEGISLATURE  
HOUSE RESOURCES STANDING COMMITTEE**

March 17, 2017  
2:05 p.m.

**MEMBERS PRESENT**

Representative Andy Josephson, Co-Chair  
Representative Geran Tarr, Co-Chair  
Representative Dean Westlake, Vice Chair  
Representative Harriet Drummond  
Representative Justin Parish  
Representative Chris Birch  
Representative George Rauscher  
Representative David Talerico

**MEMBERS ABSENT**

Representative DeLena Johnson  
Representative Mike Chenault (alternate)  
Representative Chris Tuck (alternate)

**COMMITTEE CALENDAR**

HOUSE BILL NO. 19

"An Act limiting the application of neonicotinoid pesticides."

- HEARD & HELD

HOUSE BILL NO. 46

"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 the sale of milk, milk products, raw milk, and raw milk products; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 172

"An Act relating to the regulation and production of industrial hemp; relating to industrial hemp pilot programs; providing that industrial hemp is not included in the definition of 'marijuana'; and clarifying that adding industrial hemp to food does not create an adulterated food product."

- HEARD & HELD

PRESENTATION(S) AGRICULTURE ACTIVITIES IN ALASKA

- HEARD

PRESENTATION(S): NENANA AGRICULTURE LAND

- HEARD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 19

SHORT TITLE: BAN NEONICOTINOID PESTICIDES

SPONSOR(S): REPRESENTATIVE(S) DRUMMOND

01/18/17 (H) PREFILE RELEASED 1/9/17  
01/18/17 (H) READ THE FIRST TIME - REFERRALS  
01/18/17 (H) RES  
03/17/17 (H) RES AT 1:00 PM GRUENBERG 120

BILL: HB 46

SHORT TITLE: PROCURE AK FISH/AG PROD.; ALASKA GROWN

SPONSOR(S): REPRESENTATIVE(S) TARR

01/18/17 (H) PREFILE RELEASED 1/13/17  
01/18/17 (H) READ THE FIRST TIME - REFERRALS  
01/18/17 (H) STA, RES, FIN  
03/08/17 (H) SPONSOR SUBSTITUTE INTRODUCED-REFERRALS  
03/08/17 (H) READ THE FIRST TIME - REFERRALS  
03/08/17 (H) RES, FIN  
03/15/17 (H) RES AT 1:00 PM BARNES 124  
03/15/17 (H) Heard & Held  
03/15/17 (H) MINUTE (RES)  
03/15/17 (H) RES AT 6:00 PM BARNES 124  
03/15/17 (H) -- MEETING CANCELED --  
03/17/17 (H) RES AT 1:00 PM GRUENBERG 120

BILL: HB 172

SHORT TITLE: INDUSTRIAL HEMP PRODUCTION LICENSES

SPONSOR(S): REPRESENTATIVE(S) DRUMMOND

03/10/17 (H) READ THE FIRST TIME - REFERRALS  
03/10/17 (H) RES, JUD  
03/15/17 (H) RES AT 1:00 PM BARNES 124  
03/15/17 (H) Heard & Held  
03/15/17 (H) MINUTE (RES)  
03/15/17 (H) RES AT 6:00 PM BARNES 124  
03/15/17 (H) -- MEETING CANCELED --

03/17/17

(H)

RES AT 1:00 PM GRUENBERG 120

**WITNESS REGISTER**

JOANNA SCHULTZ, Staff  
Representative Harriett Drummond  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** On behalf of Representative Drummond, prime sponsor, explained the changes made in the proposed committee substitute for HB 19, and answered questions.

CHRISTINA CARPENTER, Director  
Division of Environmental Health  
Department of Environmental Conservation (DEC)  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 19.

ROB CARTER, Manager  
Plant Materials Center (PMC)  
Division of Agriculture  
Department of Natural Resources (DNR)  
Palmer, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 19.

DAVID OTNESS  
Cordova, Alaska

**POSITION STATEMENT:** During the hearing on HB 19, offered testimony.

LOUIS TOZZI  
Anchorage, Alaska

**POSITION STATEMENT:** During the hearing on HB 19, offered testimony.

PAMELA K. MILLER, Biologist and Executive Director  
Alaska Community Action on Toxics (ACAT)  
Anchorage, Alaska

**POSITION STATEMENT:** During the hearing on HB 19, had her written testimony paraphrased by Patti J. Saunders.

PATTI J. SAUNDERS  
Development Director  
Alaska Community Action on Toxics (ACAT)  
Anchorage, Alaska

**POSITION STATEMENT:** Answered a question during the hearing on HB 19.

JOHN ANDERSON  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified during the hearing on HB 46.

DAVID OTNESS  
Cordova, Alaska

**POSITION STATEMENT:** Testified during the hearing on HB 46.

JOHANNA HERRON, Development Specialist II  
Division of Agriculture  
Department of Natural Resources (DNR)  
Palmer, Alaska

**POSITION STATEMENT:** Answered a question during the hearing on HB 46.

DAVID OTNESS  
Cordova, Alaska

**POSITION STATEMENT:** Testified in support of HB 172.

JACK BENNETT  
Alaska Representative  
Industrial Hemp Manufacturing, LLC (IHM)  
Homer, Alaska

**POSITION STATEMENT:** During the hearing on HB 172, offered testimony.

WES SCHACHT  
Alaska Cannabis Advocacy  
Fritz Creek, Alaska

**POSITION STATEMENT:** During the hearing on HB 172, offered testimony.

ROBERT CARTER, Manager  
Plant Materials Center (PMC)  
Division of Agriculture  
Department of Natural Resources (DNR)  
Palmer, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 172.

PATRICK FITZGERALD, Staff  
Representative Harriet Drummond  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Provided information during the hearing on HB 172, on behalf of Representative Drummond, prime sponsor.

GEORGE PIERCE  
Kasilof, Alaska

**POSITION STATEMENT:** Offered testimony during the hearing on HB 172.

ED MARTIN, JR.  
Cooper Landing, Alaska

**POSITION STATEMENT:** Offered testimony during the hearing on HB 172.

ARTHUR KEYES, Acting Director  
Division of Agriculture  
Department of Natural Resources  
Palmer, Alaska

**POSITION STATEMENT:** Gave a presentation regarding agricultural activities in Alaska.

ELIJAH VERHAGEN, Staff  
Representative Dave Talerico  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Gave a PowerPoint presentation, "Nenana Totchaket Bridge to Resources," on behalf of Representative Talerico.

ARTHUR KEYS, Director  
Division of Agriculture  
Department of Natural Resources  
City, Alaska

**POSITION STATEMENT:** Offered comments during the presentation on Nenana Agriculture Land.

WYNN MENEFEY, Deputy Director  
Trust Land Office (TLO)  
Alaska Mental Health Trust Authority  
Anchorage, Alaska

**POSITION STATEMENT:** Offered information during the presentation on the Nenana Agriculture Land.

#### **ACTION NARRATIVE**

[2:05:39 PM](#)

**CO-CHAIR ANDY JOSEPHSON** called the House Resources Standing Committee meeting to order at 2:05 p.m. Representatives Josephson, Talerico, Parish, Westlake, Rauscher, Drummond, and Tarr were present at the call to order. Representative Rauscher arrived as the meeting was in progress.

**HB 19-BAN NEONICOTINOID PESTICIDES**

[2:06:44 PM](#)

CO-CHAIR JOSEPHSON announced that the first order of business would be HOUSE BILL NO. 19, "An Act limiting the application of neonicotinoid pesticides."

[2:07:08 PM](#)

REPRESENTATIVE DRUMMOND, speaking as the sponsor of HB 19, remarked:

One in three bites of food we eat relies on pollinators. Alaska's primary pollinators are native bumble bees; the diversity of native bees in Alaska is astonishing. About 4,000 different species have been cataloged in North America, and of those, 49 are found in Alaska. Bumble bees are the most prominent of those and are excellent pollinators, especially of Alaska's berry species .... More than 9 million European honeybees are imported into Alaska each year for honey production. These bees play a significant role in pollinating Alaska's crops and wildlands. Alaskan beekeepers are starting to overwinter bees in order to develop heartier Alaskan bee stock.

Bee populations have been in an alarming decline since 2006, in many parts of the world. For the first time this year, a bumble bee species in the United States was declared endangered by the U. S. Fish and Wildlife Service. Widespread use of a relatively new class of toxic pesticide, neonicotinoids, is a significant contributing factor. In addition to killing bees outright, research has shown that even low levels of neonicotinoids impair bees' ability to find their way back to the hive, collect food, produce new queens, and mount an effective immune response.

This legislation would protect both agriculture and wild plants that rely on pollinators. The bill aims

to prevent the spread of these pesticides before they impact Alaskan agriculture. Over two-thirds of the ... farmers involved with the Alaska Grown program grow crops that depend on bees for pollination. So, in spirit of Co-Chair Tarr's third annual Food Security Week, we introduce this bill, not only to protect Alaska's pollinators but to protect Alaska's growing agricultural industry.

[2:09:37 PM](#)

CO-CHAIR TARR moved to adopt the proposed committee substitute (CS) for HB 19, Version 30-LS0219\D, Nauman, 3/8/17, as the working document.

CO-CHAIR JOSEPHSON objected for discussion purposes.

[2:10:03 PM](#)

JOANNA SCHULTZ, Staff, Representative Harriett Drummond, Alaska State Legislature, on behalf of Representative Drummond, prime sponsor of HB 19, informed the committee the main difference between the original version of the bill and Version D is that under Version D, if [neonicotinoid] pesticides are used, then [the treated seeds, foliage, or soil], must remain in the greenhouse for the remainder of their life span. In addition, the bill exempts certified pesticide applicators and allows certified pesticide "users" to continue using pesticides outside or inside a greenhouse. In response to Co-Chair Josephson, she clarified that [under Version D], anything the pesticides have been used on must stay in a greenhouse.

[2:11:20 PM](#)

REPRESENTATIVE RAUSCHER said he has heard that bees are dying around the world and he asked whether there is evidence that is currently happening in Alaska.

REPRESENTATIVE DRUMMOND replied that it is not happening in Alaska yet, because the neonicotinoid class of pesticides is not widely used in Alaska at this time. The goal of the proposed legislation is to prevent the bees in Alaska, which are mostly wild pollinators, from being impacted by the use of neonicotinoid pesticides.

REPRESENTATIVE RAUSCHER questioned how bee activity is recorded in Alaska.

REPRESENTATIVE DRUMMOND answered through the Department of Environmental Conservation.

[2:13:21 PM](#)

REPRESENTATIVE RAUSCHER restated his question as to how the state will know whether the use of the pesticide has affected bees in Alaska.

[2:13:58 PM](#)

CHRISTINA CARPENTER, Director, Division of Environmental Health, Department of Environmental Conservation (DEC), answered that DEC is not directly tracking bee kill-off in Alaska, but the department works with its counterparts in other states to track those bee kill-offs throughout the nation and also works with the U. S. Environmental Protection Agency (EPA).

[2:14:59 PM](#)

REPRESENTATIVE WESTLAKE asked whether there are any unintended consequences Ms. Carpenter has seen in other states from using neonicotinoid pesticides.

MS. CARPENTER offered to provide the committee with some examples.

[2:16:05 PM](#)

REPRESENTATIVE DRUMMOND concluded her presentation of HB 19 by warning that the legislature needs to stop the spread of neonicotinoid pesticides to prevent their widespread use in Alaska.

[2:16:23 PM](#)

CO-CHAIR JOSEPHSON observed the bill directs that the use of the pesticides would have to be entirely within a greenhouse and whatever is being grown would have to stay in the greenhouse. He asked, "Is the idea that if a private person wants to take a risk with exposure, that's up to the individual?"

REPRESENTATIVE DRUMMOND indicated yes. She clarified that the bill references commercial greenhouses and pointed out it is unknown whether seedlings coming up from the Lower 48 have been pretreated with neonicotinoids. Large home improvement stores

and stores such as Fred Meyer, sell thousands of seedlings that are grown elsewhere, and Alaska has no control over how they've been treated unless they come from a state that forbids the use of neonicotinoids. Furthermore, some states may not forbid use in a greenhouse where some seedlings are started; the goal of the legislation is to keep use of the pesticides from spreading in Alaska. Representative Drummond explained that use by an individual in his/her own backyard may not seem significant; however, bees spend the summer in her backyard and she does not want to expose them to neonicotinoids. Representative Drummond described the legislation as a contribution to a much larger effort.

[2:18:26 PM](#)

REPRESENTATIVE PARISH asked where else this ban has been enforced, and to what effect.

MS. SCHULTZ offered her understanding that Maryland passed a ban last year that focuses on the restriction of sales rather than on usage, and the state will allow existing products to be sold for two years before the ban takes full effect. In addition, certain cities have enacted bans, for example, Portland and Eugene, Oregon, and Spokane, Washington.

REPRESENTATIVE PARISH asked whether there have been any efforts internationally.

MS. SCHULTZ said the European Union, in 2013, enacted a ban and has been reviewing the ban either last year or this year.

REPRESENTATIVE PARISH asked whether the European Union has seen any effects on the bee population since enacting the ban.

MS. SCHULTZ said she has not seen studies but surmised that is because they are still in the process of being conducted. She added, "But that was the goal of the ... ban, so that they could really see if it ... made a difference."

[2:20:09 PM](#)

CO-CHAIR JOSEPHSON expressed his understanding that Minnesota is a cutting-edge jurisdiction, in terms of banning some of these pesticides. He asked whether other states ban at least some classes of pesticides.

MS. SCHULTZ agreed Minnesota has been working on some related legislation, but only Maryland passed legislation to ban the sale of neonicotinoids, [with the exemption to] certified pesticide applicators.

[2:20:48 PM](#)

REPRESENTATIVE BIRCH inquired as to the availability of the neonicotinoid pesticides.

[2:21:14 PM](#)

REPRESENTATIVE DRUMMOND advised [neonicotinoid pesticides] are already available in the retail market. She said she is unsure whether or how professional applicators are using [neonicotinoid] pesticides. She related that her staff contacted all the growers in Alaska that were available for comment and none of them are using [neonicotinoid pesticides]. Notwithstanding that, she remarked that anyone can go to [Alaska Mill Feed & Garden Center] and purchase products that include neonicotinoid pesticides.

REPRESENTATIVE BIRCH asked if there is a brand name to look for in the list of ingredients on a particular product.

REPRESENTATIVE DRUMMOND answered that there are a number of these classes of pesticides.

REPRESENTATIVE BIRCH explained his consideration is for the average customer walking into a store to buy a pest killer, not the professionals that "know what they're doing." He asked again if there is a brand name to identify.

REPRESENTATIVE DRUMMOND answered, "Bayer is one of them." She said that until she learned about neonicotinoid pesticides, she had been unaware she was applying them to her plants for many years. She described the product as expensive - about \$150 for 1.5 gallons. She said she limits her use of the product she bought [containing neonicotinoid pesticides] to only when she sees aphids. She explained that the products are not supposed to be used when plants are flowering, because that is when bees come to the plants to pollenate them. She said the average user may not follow the rules, but commercial users are exempt because they are supposed to be applying the pesticide at the appropriate time in the plants' cycles.

REPRESENTATIVE BIRCH asked if the pesticide used to obliterate wasps can also damage bees.

REPRESENTATIVE DRUMMOND answered that she is not sure, but she noted that there are some wasps in the pollinator class. She added, "But if you're just attacking wasps, I can't imagine that it's going to impact flowers nearby."

[2:25:43 PM](#)

REPRESENTATIVE RAUSCHER questioned whether wasps, bees, and bumblebees are all the same classification of insect.

REPRESENTATIVE DRUMMOND said she doesn't know. Notwithstanding that, she related that the 49 pollinators identified in Alaska include not only bees of various types, but also wasps and certain varieties of flies.

[2:27:13 PM](#)

ROB CARTER, Manager, Plant Materials Center (PMC), Division of Agriculture, Department of Natural Resources (DNR), offered that most [pesticides], including neonicotinoid pesticides, are not selective: "They will kill things." In response to a follow-up question from Representative Rauscher, he said he would not state that the pesticides kill "all" insects. He said, "I will say that ... these do have significant impact on a large majority of the insects out there. That is their intention and that is their use and why they were created."

[2:27:45 PM](#)

REPRESENTATIVE RAUSCHER remarked that wasps eat aphids. He offered his understanding that wasps had been brought into Alaska for that specific purpose. He asked, "So, if these are on the plant, the aphids are there, and the wasp eats the aphid, then what's the deal?"

[2:27:56 PM](#)

MR. CARTER answered that wasps and bees are in the same kingdom, phylum, and class, but are in a different suborder. He confirmed there are parasitic wasps that attack aphids. He said [neonicotinoid pesticides] also kill aphids, but he does not know if a wasp would be affected by eating an aphid that had fed on a plant that had been treated with a neonicotinoid pesticide.

[2:29:55 PM](#)

REPRESENTATIVE WESTLAKE said he applauds HB 19, but he expressed concern about unintended consequences. He questioned whether the proposed legislation might result in a situation in which there are trees along a highway being killed by pests, but "we can't do anything about it."

[2:30:32 PM](#)

MS. SCHULTZ pointed out that Version D would not ban the application of neonicotinoid pesticides by certified applicators, which generally would be the ones treating a pest invasion alongside a highway.

[2:31:06 PM](#)

CO-CHAIR TARR noted that she is a botanist who has worked on this issue for about 20 years. She opined that the changes in Version D are reasonable, because most of the concern about the application of [neonicotinoid pesticides] is in regard to those individuals who are untrained and over apply the product or use it under the wrong conditions. Limiting the use of neonicotinoid pesticides to commercially trained applicators manages "improper application in the environment" as well as protecting the applicators from any unnecessary exposure.

[2:32:01 PM](#)

CO-CHAIR JOSEPHSON expressed his support of HB 19 and his concern regarding the health of the bee population in the U.S. He stated his assumption that the proposed legislation pertains to healthy ecosystems, but surmised it may also link to economic systems in Alaska. He asked the bill sponsor to explain "why bees are important in that respect."

REPRESENTATIVE DRUMMOND answered that over two-thirds of the farmers in the Alaska Grown program depend upon bees to pollinate their crops. She reemphasized the proportion of the world's food that relies on pollination. She stated, "There are billions of bees that are bred and moved around in the world of agriculture to be there at the appropriate time for pollinating those particular crops. It's a huge industry in the Lower 48."

CO-CHAIR JOSEPHSON drew attention to the fiscal note. He noted that he is not a legislator who subscribes to the idea that in

tough fiscal times no legislation should ever cost anything. He invited the bill sponsor to comment on the fiscal note.

REPRESENTATIVE DRUMMOND replied that she is having difficulty believing that DEC needs "one entire person to track a single pesticide" when it is already tracking a number of other chemicals. She added, "But it's hard for me to question the professionals in this manner."

[2:34:04 PM](#)

MS. SCHULTZ pointed out that the fiscal note aligns with the original bill version; therefore, it does not include "the certified applicators piece." She said, "That may and should lower the fiscal note."

[2:34:24 PM](#)

REPRESENTATIVE PARISH questioned why the bill sponsor chose to focus on the application rather than sale of [neonicotinoid pesticides]. He said studies have shown that [neonicotinoid pesticides] can also kill birds and potentially mammals and fish, as well.

[2:35:00 PM](#)

CO-CHAIR TARR, based on her experience with similar legislation in the past, imparted that "you cannot ban the sale, because it violates the U.S. Constitution Interstate Commerce Clause." The choice, she explained, is to limit how the product is used in Alaska.

[2:35:27 PM](#)

CO-CHAIR JOSEPHSON noted that last year, on the federal level, there was a "fairly controversial" bipartisan effort regarding "further restrictions on chemicals and that sort of thing."

MS. SCHULTZ, after ascertaining that Co-Chair Josephson had been referring to Maryland, offered her understanding that "they have restricted where you can purchase these pesticides; so, you can purchase neonicotinoid pesticides where you can also purchase restricted use pesticides." She said she is not aware of any stores in Alaska that "strictly sell restricted use pesticides."

[2:36:26 PM](#)

REPRESENTATIVE RAUSCHER mentioned that beekeepers are concerned about [neonicotinoid pesticides], and he said he wants to learn as much as possible about the issue before voting on the proposed legislation. He referred to reading material that states that a single kernel of corn treated with neonicotinoid pesticides can kill a songbird that ingests it and "as little as one-tenth of a coated kernel seed per day during egg-laying season can impair reproduction..." He questioned how weather such as rain or snow may affect the strength or neonicotinoid pesticides on plants and whether there could be runoff that could affect other plants.

MS. SCHULTZ stated that she is not an expert. Notwithstanding that, she offered her understanding that the chemicals enter the plant and end up in the pollen that is collected by the bees.

[2:39:35 PM](#)

CO-CHAIR JOSEPHSON imparted to anyone curious about the issue that the proper federal law to look at is the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA), which he offered his understanding had not recently been amended. He added, "It was TOSCA, which was the Toxic Chemicals Act that was just..."

CO-CHAIR JOSEPHSON opened public testimony on HB 19.

[2:40:14 PM](#)

DAVID OTNESS expressed appreciation that the issue before the committee is being addressed. He opined that the onus should be on the manufacturers of pesticides to first prove that they are not harmful. He said [neonicotinoid pesticides] have been linked as the source of "massive die-offs." He characterized neonicotinoid pesticides as a powerful poison, and he offered his understanding that they are derived from the tobacco plant, which in itself is a powerful drug. He concluded, "Before things get to the point where there could be conflicts of people wanting to use this on a commercial scale, I think it's excellent that we address it proactively right now and sort of take that attitude with much of what we're facing ahead of us here. I think it would ... clarify a lot of things for the public, and also those who might want to use it to begin with."

[2:42:15 PM](#)

LOUIS TOZZI noted that he had sent an e-mail to the committee, but would address a few important points today. Regarding the threat neonicotinoid pesticides have on bees, he explained that the biggest issue is that neonicotinoid pesticides are systemic; all tissue of the plants - including the nectar and pollen - pick up and retain the pesticides, which "makes the plant itself a pesticide." Bees gather nectar, which has low levels of the pesticide, but in the process of making honey from that nectar, water evaporates, which essentially has the effect of concentrating [the neonicotinoid pesticides]. Mr. Tozzi advised that because neonicotinoid pesticides are long-lived, they tend to last in the plant for the entire life of the plant. He said, "So while applying them when the plant is blooming is an issue, it ... could have been applied much sooner than that and it still presents an impact to the honey bees."

MR. TOZZI directed attention to language in the bill that read, "applied to the soil in granular form". He advised this is a big problem, because "it creates a loophole where a farmer who purchases ... or greenhouse person who purchases treated seed from ... outside of Alaska could potentially plant that seed outdoors." He explained this possibility would exist because the bill language, in only specifying granular form, would not prevent "a liquid or a seed with a treatment on it."

MR. TOZZI suggested another possible issue is that after application, these chemicals will often "drift out" as a dry residue to areas beyond the intended farm fields, and the neonicotinoid pesticides are readily picked up by the indigenous plants in the adjacent countryside.

[2:46:32 PM](#)

REPRESENTATIVE RAUSCHER asked what Mr. Tozzi's credentials are regarding [neonicotinoid pesticides].

MR. TOZZI answered that he is a beekeeper and part of a group of beekeepers working to breed an Alaska-hardy bee so that beekeeping in Alaska can be more sustainable. He said bees overwinter in Alaska, but not without much intervention on the part of beekeepers. He concluded, "And so, I don't have scientific background other than what I need to know as a beekeeper."

[2:47:43 PM](#)

The committee took a brief at-ease at 2:48 p.m.

[2:48:20 PM](#)

CO-CHAIR JOSEPHSON indicated that he would like to hear from Ms. Carpenter regarding Mr. Tozzi's comment that treated seeds could be placed outside and thus circumvent a prohibition on the granular form of [neonicotinoid pesticides].

[2:48:50 PM](#)

REPRESENTATIVE RAUSCHER, regarding the systemic nature of [neonicotinoid pesticides], said he would like to know if there are other pesticides that are also [systemic]. He further questioned if the comments about [neonicotinoid pesticides] becoming part of honey could also apply to other pesticides.

[2:49:38 PM](#)

MS. CARPENTER offered to follow up with information.

[2:50:09 PM](#)

REPRESENTATIVE BIRCH said he has friends in Fairbanks that are beekeepers and understands the biggest challenge in overwintering the bees is in keeping them fed. He asked if bees are more resistant to one pesticide over another or whether the problem with the neonicotinoid pesticides is that they are longer lived.

[2:51:17 PM](#)

MR. TOZZI answered that "the pesticides" are long-lived and will last through winter after being brought back to the hive. He reiterated his explanation about the evaporation of water from the honey resulting in a more concentrated level of pesticide. He said one theory as to the mid-winter disappearance of bees in the Lower 48 is that the bees, having ingested the pesticide, which is a neurotoxin, "lose track of where they're supposed to be and what they're supposed to be doing and then fly off in the middle of winter." Mr. Tozzi said he has heard anecdotally of that happening in Alaska, but he said he cannot say that is what the cause was. Mr. Tozzi noted that the pesticides are also stored in the beeswax, which is an economic factor, because "clean beeswax is something that's very difficult to come by." He said the ongoing low level [of pesticides] to the colonies makes it much more difficult for them to survive the winter.

2:53:59 PM

PAMELA K. MILLER, Biologist and Executive Director, Alaska Community Action on Toxics (ACAT), had her written testimony paraphrased by Patti J. Saunders. Ms. Miller's testimony - a letter to Representative Drummond dated March 15, 2017, [included in the committee packet] - read as follows [original punctuation provided]:

I am writing on behalf of Alaska Community Action on Toxics, a statewide non-profit environmental health research and advocacy organization. Thank you for your introduction of HB 19, "An Act limiting the application of neonicotinoid pesticides." We strongly endorse this bill as an important measure to protect bees and other pollinators so crucial to a majority of our crops that serve as vital food resources. Neonicotinoid pesticides have long been associated with harm to bees and other pollinators. In 2016, the Environmental Protection Agency (EPA) released the first risk assessment of neonicotinoid pesticides and concluded that they can cause significant harm to honeybees. Increasing independent peer-reviewed scientific evidence has demonstrated that the widespread use of the dangerous class of neonicotinoid pesticides is a factor in the precipitous decline of bees and other pollinators. Studies have shown serious adverse effects to bees including navigational ability, mobility, and reproduction. Even small exposures to neonicotinoid pesticides can damage bees' ability to gather pollen, impair their memory and social behavior, weaken their immune systems, and harm colony health and longevity. Scientists have shown that exposure to certain neonicotinoid pesticides reduces bees' immune defenses, promoting infections associated with such diseases as deformed wing virus. Recent scientific studies have shown that chronic exposure of honeybees to environmental levels of neonicotinoid pesticides can impair their learning and memory. Another study reported that wild bees exposed to neonicotinoid-coated seeds had reduced nesting and were not successful in building brood cells for new larvae. In addition, chronic exposure to one of the most commonly used neonicotinoid pesticides (imidacloprid) was found to be associated with reduced brood production, reduced colony growth, and an 85% reduction in the production of bumblebee queens.

Neonicotinoid pesticides are also found to have adverse effects on many other non-target and beneficial organisms, including butterflies, birds, and aquatic insects. There are also emerging concerns about the possible adverse neurodevelopmental effects of neonicotinoid pesticides on children. We believe the evidence supports the need for urgent legislative action. We urge swift passage of this bill to suspend the use of these harmful chemicals in Alaska.

[2:57:40 PM](#)

REPRESENTATIVE BIRCH asked how widespread [neonicotinoid pesticides] are commercially compared to other pesticides.

PATTI J. SAUNDERS, Development Director, Alaska Community Action on Toxics (ACAT), answered that they are commonly available, but she has not done the research yet to know the percentages. She stated, "Just reading the label isn't necessarily going to help people, because this class of pesticides is not labeled as a class." For example, someone might see "imidacloprid" may be on the label, but someone reading that may not realize that it is [a neonicotinoid pesticide that is killing bees]. She said education of both sellers and consumers is necessary. She said she thinks there is already a lot of concern among regarding neonicotinoid pesticides, and she surmised that Alaskans would welcome more information about "these endocrine disrupting pesticides."

[2:59:34 PM](#)

CO-CHAIR JOSEPHSON removed his objection to the previous motion to adopt the proposed committee substitute (CS) for HB 19, Version 30-LS0219\D, Nauman, 3/8/17, as the working document. There being no further objection, Version D was before the committee.

[2:59:50 PM](#)

CO-CHAIR JOSEPHSON closed public testimony on HB 19 and announced that HB 19 was held over.

[3:00:08 PM](#)

CO-CHAIR JOSEPHSON handed the gavel to Co-Chair Tarr.

**HB 46-PROCURE AK FISH/AG PROD.; ALASKA GROWN**

3:00:53 PM

CO-CHAIR TARR announced that the next order of business would be HOUSE BILL NO. 46, "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 the sale of milk, milk products, raw milk, and raw milk products; and providing for an effective date."

3:01:00 PM

CO-CHAIR TARR opened public testimony on HB 46.

3:01:28 PM

JOHN ANDERSON expressed appreciation to the committee for its interest in agriculture. He said he had concerns about the proposed legislation. He related that he is a livestock producer and "HB 46 is a good attempt at a futile process that someone like myself can't touch." He stated that while there may be a small trickledown effect, [the proposed legislation] would benefit just a few farmers. He explained that unfortunately he could not touch a price point anywhere close to 15 percent.

MR. ANDERSON said another issue is in determining what will be considered "Alaska Grown." He questioned whether animals would be allowed to be brought to Alaska and slaughtered the next day and qualify for marketing at the 15 percent increase or if it will be held to the high standard of Alaska Grown, which is that the animal [has been in Alaska] for 51 percent of its life. He predicted that if imported animals are "allowed to be considered to this standard without any check," then "certain producers will take advantage of bottom floor cattle and hog prices - especially in Canada right now - and walk away making lots of quick bucks and having an almost zero impact in our state." He indicated that those producers would not be buying grain or hay in substantial amounts; therefore, he questioned the worth of a program that of which people can take advantage.

MR. ANDERSON mentioned the (indisc.), on which he is a member, is thriving; however, he cautioned the committee that he has witnessed many instances of disregard for the rules and the intentional mislabeling of products. He said he has brought many of his concerns to the Division of Agriculture, and "they do not feel they can protect the logo anymore." He said because

the division will no longer investigate "wrongdoings," some [producers] have started new labels, such as "Golden Heart Grown" in the Interior and "Grow Palmer" in Palmer, Alaska.

CO-CHAIR TARR, as prime sponsor of HB 46, informed Mr. Anderson that under current statute, the percentage is 7 percent. She surmised that if the [proposed] 15 percent would not allow Mr. Anderson an opportunity, then the existing 7 percent certainly would not, because it is over 50 percent less. She said she understands that while the proposed change is a "big improvement," it will not accommodate everyone. She indicated her understanding of the challenges of being a small producer of livestock or produce. She explained her commitment to continue working beyond the opportunity proposed under HB 46 "to support ... things that will allow more opportunity for a small producer like yourself." She indicated that the reason she supported the Mt. McKinley Meat Processing Facility was so that people such as Mr. Anderson could have the opportunity to get into the market.

CO-CHAIR TARR, regarding the issue of "Alaska Grown," said, "We would anticipate using the same Alaska Grown rule and standard that's in place now." Notwithstanding that, she acknowledged the concern raised by Mr. Anderson regarding imported animals.

[3:06:31 PM](#)

DAVID OTNESS testified that he liked the sentiment behind [HB 46] and wants Alaska to develop more intrastate commerce. He said he would hold back from offering further testimony until he got "up to speed" on [the proposed legislation].

[3:07:44 PM](#)

REPRESENTATIVE PARISH questioned whether the statement made by a previous testifier - that animals could be imported one day, slaughtered the next, and marketed as Alaska Grown - was accurate.

[3:07:56 PM](#)

JOHANNA HERRON, Development Specialist II, Division of Agriculture, Department of Natural Resources (DNR), responded that that is not current practice. She said, "The certification policy that was passed in previous years states clearly ... that livestock must be raised 51 percent of its life or more in the state to be marketed as Alaska Grown." She said there have been a couple instances where "that has been challenged and concerns

have been raised, and ... we investigate ... as we hear of those."

[3:08:35 PM](#)

CO-CHAIR TARR, after ascertaining that there was no one else who wished to testify, closed public testimony on HB 46. In response to Representative Rauscher, she stated her intent for the committee to move HB 46 that day.

REPRESENTATIVE RAUSCHER noted that his district reaches Palmer, Glennallen, Delta, and Valdez, and it contains a lot of cultural land and livestock. He requested HB 46 be held for another hearing so that he would have time to speak to his constituent farmers.

[3:10:15 PM](#)

CO-CHAIR TARR said she does not mind honoring that request, but she indicated it could result in the committee having to meet in the evenings to catch up on its workload. She pointed out that she has been working on "this particular product preference statute" since 2014 and has presented information at several "farm bureau meetings," working closely with many of the individuals in Representative Rauscher's district.

[3:11:17 PM](#)

REPRESENTATIVE RAUSCHER expressed his appreciation for the work that has been done thus far, and he maintained his desire to have more time with HB 46.

[3:11:48 PM](#)

REPRESENTATIVE WESTLAKE suggested that Representative Rauscher could talk to someone within the Division of Agriculture who may be stationed in Representative Rauscher's district.

[3:12:10 PM](#)

CO-CHAIR TARR expressed her hope that Representative Rauscher could get the answers he needed either from division staff or his constituents.

[3:13:03 PM](#)

CO-CHAIR TARR announced that HB 46 was held over.

## HB 172-INDUSTRIAL HEMP PRODUCTION LICENSES

3:13:07 PM

CO-CHAIR TARR announced that the next order of business would be HOUSE BILL NO. 172, "An Act relating to the regulation and production of industrial hemp; relating to industrial hemp pilot programs; providing that industrial hemp is not included in the definition of 'marijuana'; and clarifying that adding industrial hemp to food does not create an adulterated food product."

3:13:11 PM

CO-CHAIR TARR opened public testimony on HB 172.

3:13:21 PM

DAVID OTNESS testified that he thinks it is important that "we expand into a hardy crop that has so many applications and none of the negatives formerly associated with it." He opined that there is potential in Alaska for those willing to remain in the state "through thick and thin," and he remarked that what the state is about to endure is "the thin."

MR. OTNESS said [HB 172] should give people "a good means of supplementing their existing operations and perhaps incentivize others to ... start up." He said [hemp] seems to have "unlimited potential" and is a hardy plant that should thrive with [Alaska's] daylight hours. He concluded, "I just heartily endorse the idea of our agriculture expanding this direction."

3:14:42 PM

JACK BENNETT, Alaska Representative, Industrial Hemp Manufacturing, LLC (IHM), testified that industrial hemp is not "a marijuana issue" - it is an agricultural issue. He encouraged the committee to "rethink the way we think about hemp." Mr. Bennett stated, "My company ... [is] North America's largest. It has the capability of producing 40 million pounds annually and it's ... devoted ... to the oil well companies, to help Alaskan fluids engineers drill faster, lighter, and cheaper."

MR. BENNETT said all of the company's fiber is sold to an automotive partner in Indiana that manufactures American automobiles with bio-composites, hemp plastics, which he said

are stronger than fiberglass on a boat [and more] flexible than a formula one race car.

MR. BENNETT said he has presented [hemp] to the military as a remediation product that replaces polypropylene booms in the water, is five times more absorbent, and rather than ending up in a land fill turns into an energy source. He said, "That remediation product, through these plant fiber technologies, are also ... applied in the soil in the granular form to remediate land impacted by crude [oil], chemicals, radiation - what have you - within 90 days."

MR. BENNETT shared that he is building a model home in Homer, Alaska, as an affordable housing solution. He said, "There are 6,000 unit shortages in rural Alaska." He relayed that 22,000 acres [of hemp grown] in one season produce 6,000 homes that are 1,000 square feet in size. Mr. Bennett concluded, "It doesn't matter how green it is; at the end of the day, we're all here to make money."

[3:17:06 PM](#)

MR. BENNETT, in response to questions from Representative Rauscher, imparted that the equipment used by IHM costs \$30 million and there are only five made: two in France, two in South Africa, and one in North Carolina. He said the company works with farmers in Alaska "to collect the material devoted to remediation and oil and gas industries in Alaska."

[3:18:29 PM](#)

REPRESENTATIVE RAUSCHER asked, "Where do you get your hemp from now to be a head manufacturer incorporated?"

MR. BENNETT answered that North Carolina is currently "shaping" its regulations and policies. He said 7,000 acres of industrial hemp is needed in order to produce 40 million annually and his "counterparts" are looking to purchase 14,000 acres, because the machinery "has the ability to expand to 80 million pounds." He indicated that the company is currently using kenaf, which is a member of the hibiscus family. He indicated the U.S. Navy had studied the high absorbency of kenaf in use as a remediation product, and he stated that hemp is even more absorbent. He indicated that IHM uses kenaf as an alternative to hemp.

MR. BENNETT, in response to Representative Rauscher, said kenaf is grown in "the tobacco belt," in Georgia and North Carolina.

To a follow-up question, Mr. Bennett informed the committee that kenaf is a legal product used in the automotive industry [in the] manufacture of automotive parts. The [automotive] companies are transitioning out of kenaf [use] into the use of industrial hemp, because the latter has "more value-added products."

[3:20:28 PM](#)

REPRESENTATIVE PARISH offered his understanding that Mr. Bennett had implied that his organization is prepared to make a substantial investment in Alaska. He asked Mr. Bennett if that estimation is accurate and what the dollar amount might be.

MR. BENNETT responded that he "has presented to many oil well drilling companies in Alaska." He stated, "This is an emergent ... technology that helps the fluids engineer, and this is what they'll use for now on. That industry alone - that mud additive - is a billion-dollar industry annually."

[3:21:19 PM](#)

REPRESENTATIVE PARISH offered his understanding that Mr. Bennett had said IMH is considering "bringing a plant to Alaska." He asked how quickly "we" could expect to see "more substantive investment" from Mr. Barrett's organization if the proposed legislation was made law tomorrow.

MR. BENNETT answered, "Baby steps." He said once legislation passes, the company would help Alaska acquire [equipment], while not as expensive as the \$30 million ones previously mentioned, something that will work in Alaska in a centralized location accessible to farmers.

[3:22:29 PM](#)

WES SCHACHT, Alaska Cannabis Advocacy, spoke to the long history of hemp being grown in American agriculture even before the inception of [the United States]. He shared that both sides of his ancestry raised hemp. He stated, "It's also helped the American economy off and on for years - Revolutionary War, Civil War - it was required by every farmer over five acres of land to raise one acre of industrial hemp, and to outlaw it and not have its production is ludicrous."

MR. SCHACHT said there are many uses for hemp, including [the prevention of] soil erosion, the use of its fibers for building

materials, the use of its oil "for everything from edible oil to bird seed." He urged everyone to read a pamphlet about industrial hemp [included in the committee packet] to learn about the product. He stated, "I find it really inane that we're allowed to grow psychoactive cannabis but not industrial hemp." He indicated that [the worst thing that could result] from smoking hemp is "a headache or sore lungs."

[3:23:57 PM](#)

CO-CHAIR TARR commented on the historical aspect of agriculture and its renaissance.

[3:24:57 PM](#)

CO-CHAIR TARR closed public testimony on HB 172.

[3:25:48 PM](#)

REPRESENTATIVE RAUSCHER prefaced his query by stating that he is not "against this bill." He then asked for confirmation that the Division of Agriculture would "draw the regulations."

[3:27:00 PM](#)

ROBERT CARTER, Manager, Plant Materials Center (PMC), Division of Agriculture, Department of Natural Resources (DNR), answered that it is DNR's intent to draft the regulations that would be needed upon passage of HB 172 to "make this a sustainable program for ... those interested all around the state of Alaska." He indicated that because [industrial hemp] is "guilty by association" with recreational marijuana, the department wants to ensure a good foundation so that the industrial hemp industry can grow.

[3:28:23 PM](#)

REPRESENTATIVE RAUSCHER asked for comment regarding the three zero fiscal notes.

[3:29:42 PM](#)

PATRICK FITZGERALD, Staff, Representative Harriet Drummond, Alaska State Legislature, on behalf of Representative Drummond, prime sponsor of HB 172, acknowledged that one of the fiscal notes states that the proposed legislation would regulate industrial hemp through the Department of Environmental

Conservation (DEC). He explained that that was a mistake and, when corrected, there will still be three zero fiscal notes, but the [corrected] fiscal note will reflect that "the regulations will be under the Division of Agriculture."

REPRESENTATIVE RAUSCHER indicated that he would like to hear from the division, because "we're looking for something else here."

[3:30:41 PM](#)

CO-CHAIR TARR suggested that the drafting of regulations is something that [the Division of Agriculture] does within its "existing scope of work."

MR. CARTER responded, "Wonderfully said." He added that from the standpoint of PMC, once a crop has been deemed agricultural, it becomes the purview of the Division of Agriculture, which takes on the responsibility of supporting agricultural industry in Alaska.

[3:32:22 PM](#)

REPRESENTATIVE PARISH cited language at the top of page 3, of HB 172, which says that "the state may create and administer an agricultural pilot program to study growth, cultivation and marketing of industrial hemp." He suggested it may be useful to set a fee schedule to finance such a pilot program "so that we could be doing research as we're ... charging forward,"

[3:33:18 PM](#)

MR. FITZGERALD responded, "That's the idea of the pilot program."

CO-CHAIR TARR asked Mr. Fitzgerald if he meant that [the pilot program] would be "self-funded through the fees."

MR. FITZGERALD confirmed that "the fees would ... produce the funds in order to conduct the studies through ... [the pilot program]."

REPRESENTATIVE PARISH offered his understanding that there would be allowance for regulating the industry, but not for the pilot program.

MR. FITZGERALD responded, "I will take a look at the Section 76.06 of the farm bill, and I will follow up with that."

[3:34:13 PM](#)

CO-CHAIR TARR reopened public testimony on HB 172.

[3:34:18 PM](#)

GEORGE PIERCE recommended the committee take a look at a web site, called "information distillery." He said [industrial hemp] is not like marijuana; it cannot make someone high. He advised the committee that hemp is one of the most useful plants on earth, with the following attributes: the ability to enrich the soil where it is grown; seeds that are an excellent source of minerals, protein, and dietary fiber; and a source of all essential fatty and amino acids.

MR. PIERCE noted that many individuals eat fish as a source of essential fats, but because of concern about commercial overfishing and possible chemical contaminants, many have chosen to switch to hemp. He said hemp is also good for animals and can be used for body care and papermaking. He relayed that the first American Flag was made from hemp. Mr. Pierce said hemp is also good for: fiber, textile, rope, petroleum, and to "replace gasoline for diesel engines." He called the product "amazing."

MR. PIERCE restated the safe nature of hemp and repeated his recommendation about the information distillery. He noted that hemp is a renewable resource, as well as being a source of income, of which he said the state is in need.

CO-CHAIR TARR said that as a botanist, she is familiar with the many uses of hemp, and she expressed appreciation to Mr. Pierce for his comments.

[3:37:39 PM](#)

ED MARTIN, JR. said he currently owns property in Sterling Alaska, which would be available for growing both marijuana and hemp; however, he pointed out that he and his wife are not allowed to get a license to grow in Alaska, because although they have been residents in Alaska for many years, they do not apply for the Alaska Permanent Fund Dividend (PFD). He expressed hope that there would not be "a requirement for a protection racket in the industry to just Alaskans" under HB

172. He said he had pleaded with the legislature to review administrative regulations related to marijuana law.

MR. MARTIN said there is a distinction between [marijuana law and law pertaining to hemp] and both are "revenue getters" for Alaska. He talked about the efforts on the House floor to state spending. He indicated that the sale of land could result in the ability to grow more product and create both jobs and revenue for the state. He said many legislators "voted against cutting government," and he urged legislators to "be responsible and create an industry that'll create revenue for the state."

MR. MARTIN explained that he has to be out of state during the winter for medical reasons but is "every bit of an Alaskan" and will defend [the state's] constitution and individual and property rights. He urged the committee, "Please look at this."

CO-CHAIR TARR said the reason the committee is hearing HB 172 is that it would provide an opportunity for Alaska. She noted that following the bill hearing, the committee would segue into a presentation related to access to agricultural land. She offered her understanding that Representative Talerico had introduced a bill on the topic of getting more Alaskans access to some of the state-owned land.

[3:41:22 PM](#)

REPRESENTATIVE DRUMMOND asked Mr. Martin to expound on his comment about licenses being limited to residents of Alaska. She said she knows that licenses for marijuana businesses have been limited to Alaskans, because "the department is trying to keep outside influence out of our local marijuana business."

[3:41:56 PM](#)

MR. MARTIN responded that when regulations were passed for marijuana growth or sale, there was a requirement that [growers and sellers] must be PFD applicants. He said he and his wife left Alaska in 2004, but he reemphasized his commitment to Alaska. He indicated that he had served in the military and was involved in rebuilding training facilities in Hawaii. He said he has no desire to live year-round in Alaska any more, but he claimed that does not make him any less Alaskan.

MR. MARTIN said under current law pertaining to PFD qualifications, [Alaskan residents] are allowed to be out of the state for six months. He indicated that representatives working

for the Alaska Permanent Fund Division informed him that he could "go back to 2006 and maybe apply for that." He said he doesn't necessarily wish to do that, but he is being barred from entering into business in Alaska. He said he is "somewhat upset" about Representative Mike Chenault having worked to do away with the Administrative Review Committee, because "you folks should be reviewing those regulations to see how they violate people like my wife and our individual liberty to be in business in our own state." He said he and his wife pay taxes in both Alaska and Hawaii, but his heart is and always will be in Alaska. He urged the committee not to pass legislation that would bar him and his wife from entering in to commerce in their own state.

[3:44:43 PM](#)

CO-CHAIR TARR re-closed public testimony on HB 172.

[HB 172 was held over.]

**PRESENTATION(S) AGRICULTURE ACTIVITIES IN ALASKA**

[3:44:51 PM](#)

CO-CHAIR TARR announced that the next order of business would be a presentation regarding agriculture activities in Alaska.

[3:45:25 PM](#)

ARTHUR KEYES, Acting Director, Division of Agriculture, Department of Natural Resources, gave a presentation regarding agricultural activities in Alaska. He listed some of the positive agriculture activities in Alaska: farmers market growth leading the nation per capita and up from 13 markets in 2005 to 42 markets today; a thriving peony industry with "the number of stems exported exceeding expectations"; grain production expanding statewide; rhodiola and hops growing in popularity and viability; and a "positive outlook in agriculture right now in Alaska."

MR. KEYES noted that hops are an important component in brewing and are one of the fastest growing segments in the food industry. He said Alaska-grown hops can garner \$60-\$80 per pound. He said hops is a cousin plant to marijuana and both have "day-length issues." The special greenhouses that allow marijuana producers to control day length could be used to grow a dwarf hops worth a considerable sum of money. Regarding

livestock, he noted that "production is up." He reported that Mount McKinley Meat & Sausage had one of its most successful years, at "\$77,000 ahead," and one of the reasons is that there is a surge in livestock being used.

[3:48:48 PM](#)

MR. KEYES shared some of his "goals and visions for agriculture." He said he would like to see improved access to agricultural lands for young farmers, who may have ample energy but a paucity of funds, and to that end, the division has an agricultural land sale program. He shared that he is an entrepreneur and farmer, and he emphasized the importance of young people entering into farming.

MR. KEYES indicated that historically agricultural parcels are at least 160 acres, and there is a requirement that the farmer must clear 40 percent of the farmable soil. He said clearing land is arduous. He said he is proposing a change in the requirement so that smaller agricultural pieces would abut larger agricultural pieces and be made available for sale to younger farmers to develop without going hundreds of thousands of dollars in debt. Then, once the farmers have developed the land, they could come back to the division for more land, which the division would have kept open, and the farmers would be given "a preference to expand their farm into that." Mr. Keyes estimated the parcels would be about 10-20 acres in size. He called this "a cultural shift" and said that "it will take years to see the fruits of this."

[3:51:44 PM](#)

MR. KEYES stated that he would like to see the division help small farmers enter wholesale markets, including Safeway and Fred Meyer. He said he personally jumped through the hurdles to enter retail stores as a wholesale producer, and it is "cumbersome" and "frustrating." He offered his belief that the division has the ability to help the farmer in this process. He said that farmers have the potential to make "some instant retail money" with farmers markets, and "as their operation grows, that they would want access to that."

[3:52:37 PM](#)

MR. KEYES described some of the important activities in which the division is involved to assist farming in Alaska. He said the Agricultural Revolving Loan Fund (ARLF) is managed by the

Board of Agriculture and Conservation. He related that the aforementioned Mount McKinley Meat & Sausage facility falls under the purview of ARLF, managed by the division. He said the loan fund is managed by farmers. Farmers sometimes have to borrow money for a few years in a row to get their initial crop going, and Mr. Keyes said they are essentially spreading that investment on the ground, with the collateral being the crop that is being grown. He said typical bankers doing auto or mortgage loans may think that is absurd; therefore, it is advantageous to have farmers on the board, who are uniquely suited to review loan applications. The current default rate of ARLF is "below the traditional banking standard," he said.

MR. KEYES stated that PMC provides certified, clean, disease-free seed potatoes, grass seed, and grain seed. He described the facility as "one of the best kept secrets in Alaska." He emphasized that the center's work is important and must continue, and he predicted that PMC will play a critical role.

[3:55:43 PM](#)

MR. KEYES stated his belief that as long as people continue to be concerned about their health and their families, "local agriculture has a bright future." He said agriculture is a strategic industry. He offered his understanding that during a presentation he had heard given by Bryce Wrigley (ph), that man had said that when Hurricane Katrina occurred, it took two weeks to get food into [New Orleans, Louisiana]. Mr. Keyes exclaimed that "they're connected to American" and "have one of the largest ports in the nation." He questioned, "If they went through that in New Orleans, what would we go through ... in a time of crisis?" He stated that agriculture in Alaska is a strategic, economic, health, and community issue.

MR. KEYES, in conclusion, stated, "Nothing has a greater impact on the quality of a person's life than the food they eat."

[3:57:35 PM](#)

REPRESENTATIVE RAUSCHER asked for information regarding farmers borrowing money.

MR. KEYS responded that he has farmed successfully for 10 years without borrowing money, which he described as more work but with greater rewards. He indicated that the farmers that borrow money range across all economic levels, and he knows some smart and successful farmers whose plan includes borrowing every year.

He stated that not everyone has to borrow money, but it is a resource that needs to be available, and he called the borrowing of money a tool. In response to a follow-up question, he said he has heard that borrowing money through a traditional bank can be difficult, and currently there are three lending agencies within Alaska: the United States Department of Agriculture (USDA), ARLF, and through private means.

[4:01:06 PM](#)

CO-CHAIR TARR remarked that if it were easy to get a loan, she would be farming right now.

[4:01:17 PM](#)

REPRESENTATIVE WESTLAKE mentioned the term "uplift," as it is used in discussing "mere oil, rather than crude." He suggested that if it is the state's land that is being sold [to farmers], then perhaps [the state] could consider uplift, in relation to [farmers] "starting to buy the next piece of incremental."

[4:01:54 PM](#)

REPRESENTATIVE DRUMMOND expressed appreciation for Mr. Keyes' enthusiasm. Regarding the revolving loan fund, she asked if the Alaska Commercial Agriculture and Fishing Bank is "of any assistance at all in this area" or "duplicative" or a "totally separate institution."

MR. KEYS answered that although he has heard of the bank, he doesn't know anything about it; however, he offered to find out more information.

REPRESENTATIVE PARISH offered thanks "to the director and my colleague from Sutton (ph)."

[4:02:54 PM](#)

CO-CHAIR TARR asked Mr. Keyes to share the average age of the Alaskan farmer, in order to "underscore the importance of getting people involved in agriculture."

MR. KEYES offered his understanding that it is 57.

CO-CHAIR TARR opined that it should be made known to Alaskans the opportunities available in agriculture.

MR. KEYES said feeding people is a billion-dollar industry in Alaska. He continued:

There is nothing but opportunity to take those food dollars away from the California farmers or Mexican [farmers] or whatever. You know, no ... offense to them - they do a great job of feeding us. But as ... a producer and a farmer ... I've never felt like I was competing with my neighbor or ... my vendors at the farmers market ...; I felt like we were complementing each other in going after something that was very vulnerable for us to take away.

**PRESENTATION(S): NENANA AGRICULTURE LAND**

[4:04:27 PM](#)

CO-CHAIR TARR announced that the final order of business would be the presentation about Nenana Agriculture Land.

[4:05:36 PM](#)

ELIJAH VERHAGEN, Staff, Representative Dave Talerico, Alaska State Legislature, gave a PowerPoint presentation, "Nenana Totchaket Bridge To Resources," on behalf of Representative Talerico. [A hard copy of the PowerPoint presentation is included in the committee packet.] He noted that the City of Nenana is located approximately "45 minutes down the Parks Highway" from Fairbanks, Alaska.

MR. VERHAGEN pointed out the farmland of Nenana, as shown in an aerial photograph on slide 2 of the PowerPoint, and he said Nenana is not currently described as a farming community, although there are many farms there. Mr. Verhagen shared that he had bailed hay in Nenana as a youth. He said Nenana has wheat, potato, and peony farms, and the farming there has the potential to expand. As shown on slide 3, he pointed to an area across the Nenana River where there is access to agricultural land.

[4:07:06 PM](#)

MR. VERHAGEN turned to slide 4, and he stated that the Nenana Totchaket State Agricultural Project comprises approximately 133,000 acres starting on the Totchaket right-of-way road.

[4:08:30 PM](#)

ARTHUR KEYS, Director, Division of Agriculture, Department of Natural Resources, stated, "This area has an advantage over other agriculture areas." He directed attention to slide 5 and pointed to Fairbanks and the project on a map, and he estimated "it's about a 45-minute drive," which he opined is "financially viable ... for a young farmer to start a farm and get to the market." He noted that slide 4 had listed "class 4 soils." He offered his understanding that the area has 100,000 acres of the type of soil that would be viable for an agricultural project and, thus, that the division would be "looking to sell." He added that the conditions of the soil can be determined once the land is cleared.

[4:10:39 PM](#)

MR. KEYS directed attention to slide 7 to show an example of what an agriculture project would look like for a young farmer clearing land, farming, and eventually being able to expand the farm. He talked about 10-20 acres being an access road and the two 10-acre "chunks on each corner" [of the chart] reflects ground that is not set up for agricultural purposes, but instead a development area holding some type of service area needed, such as a machine shop or gas station. He indicated that the graph shows how expansion goes to 20-acre parcels and then to 40-acre parcels. He said all the parcels could be sold to people who intend to farm them and there would be some success, though not 100 percent. He said, "That's what you would encourage after ... a few years and just keep ... that success growing."

[4:12:18 PM](#)

MR. VERHAGEN commented that there are many people excited to access this land. He informed the committee that he was born and raised in Nenana. He related that he knows a farmer from Idaho, who has moved to Nenana, bought an existing farm, and is now farming potatoes for a third year, because "the market's better to sell potatoes here."

[4:11:36 PM](#)

MR. KEYS, in response to a question from Representative Rauscher, stated his intent is for the smaller parcels to be sold first and for the 40-acre and 80-acre parcels to be held back. He said certainly there are no restrictions that would keep a farmer from selling his/her farm, but the next owner will

be under the same stipulations. One person could buy up all the land, and he said he would assume anyone who did that would intend to farm the land, because "it's not a resort investment." He stated, "If they could farm it all, ... more power to them." He said the division has sold land as large as 600 acres; there are farmers in Delta Junction who own thousands of acres. In response to a follow-up question, he said he thinks the division needs to offer smaller parcels for young people [to get a start in farming]. He reiterated that he did not borrow money for his farm; however, he stated that he thinks it is much wiser to go into debt to farm 20 acres than to farm 200 acres.

[4:16:30 PM](#)

MR. VERHAGEN drew attention to slide 8, which list other land owners besides the state. He said, "Once this bridge is complete ..., it'll open up to over 600,000 state acres, 133,000 of which are the designated [agriculture] land." He said the Toghothele Native Corporation owns 40,000 acres; Alaska Mental Health Trust Land is 11,000 acres, and the University of Alaska land is 640 acres. He interjected that [Representative Talerico's office] has received over eight letters of support. He continued to slide 9, which shows where the land owners are located on a map. He said once the bridge is built, there will be access to the agricultural land, and [land] can be sold as the road is extended on the right-of-way.

[4:19:17 PM](#)

MR. VERHAGEN moved on to slides 10-14, showing the existing [dirt] road, aerial views depicting the already existing Little Nenana Bridge, and remaining on-site materials. Mr. Verhagen explained that work was delayed because ice gave way as a result of a warmer than usual winter; therefore, there is one more piling to install. The individual shown on slide 14 is the mayor of Nenana, Jason Mayrand, who has "headed up this project."

MR. VERHAGEN turned to slides 15-16 and said the inception of the project was in the 1980s; the right-of-way was obtained through DNR in 1984; 11 miles of road and 3 small bridges were built in 2008-2009; the required National Environmental Policy Act of 1969 (NEPA) document was completed and submitted to the United States Coast Guard (USCG) for the required permit [in March 2014]; there has been funding of just over \$6 million; and a grant of \$3 million made it possible to extend the road from 4 to approximately 15 miles.

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MR. VERHAGEN directed attention to slide 17, which offers a summary, including that: the project has great potential for the entire state; the governor of Alaska has been participating; and letters of support were received, including from Doyon, Limited ("Doyon"), Tanana Chiefs Conference (TCC), Nenana Native Council, and the Alaska Mental Health Trust Authority. He stated that completion of the bridge would bring access to the land, which could be used for many things, including as a source of timber. Referring to slide 17, Mr. Verhagen relayed that the City of Nenana has been waiting a long time for the bridge permit; the governor and the commissioner of DNR have both spoken with the USCG admiral, who has said the remaining permit will be issued in June [2017]; and [the City of Nenana] is currently looking to secure the remaining necessary funds.

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WYNN MENEFE, Deputy Director, Trust Land Office (TLO), Alaska Mental Health Trust Authority, stated that TLO is supportive of the bridge, because it would open up the trust's land for extracting various resources, as well as for selling land, which in turn would benefit the beneficiaries of the trust.

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CO-CHAIR TARR offered her understanding that the permit status had been holding the project back, but now that status has been resolved. She asked if a letter of support from the House Resources Standing Committee would be beneficial.

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REPRESENTATIVE TALERICO answered that it would, although he said he is "feeling pretty comfortable that we're kind of on the right direction for the permit." He said all the information has been provided to Alaska's congressional delegates, because "there is money involved to get the rest of the bridge up." He said he doesn't like the term "shovel ready" projects, because it does not convey the worth of a project. The project being proposed benefits many, including the state, the Alaska Mental Health Trust Authority, the University of Alaska, and a local village corporation. He said there are about 100,000 people in the North Star Borough; it is hub; and [the project could result in] fresh food versus shipped food. He indicated that the

congressional delegation involvement is likely necessary. He expressed appreciation for the previously mentioned groups in support of the project, as well as for local farmers. He emphasized that although the area is not yet known for farming, there are Yupik farmers in Nenana who offer produce that people can come pick themselves. There is also a successful tree farm. He said he is excited about "the 100,000 potential acres." He talked about the idea of creating an opportunity for people to attach their PFDs to the purchase of land in order to create a business.

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MR. VERHAGEN added that Nenana has for some time been known as a hub for transportation: the railroad goes through the area; there are three barge lines there that ship to rural areas; and the Parks Highway reaches Nenana.

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CO-CHAIR TARR expressed interest in having the committee write a letter in support of the project and submit it to the congressional delegation, as well as to any other interested parties.

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REPRESENTATIVE PARISH asked if the intention is to finance the bridge with federal and private monies.

REPRESENTATIVE TALERICO answered, "We are really hoping that ... somehow or another we will get that support in an effort from them to help us step forward." He remarked on the resiliency of the community of Nenana, which has withstood floods and "big changes." He shared that the City of Nenana is one of the oldest in state, and he characterized its residents as "a great group of people." He surmised that there are probably enough young people in Nenana that could "turn into a farming workforce" and "make this go." He said there are local sawmills that can use the white spruce timber that would have to be cleared before the land could be farmed.

REPRESENTATIVE PARISH asked for information regarding exploratory wells in the area.

REPRESENTATIVE TALERICO deferred to Mr. Verhagen.

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MR. VERHAGEN stated that Doyon has been drilling for oil and gas in the area for years, mostly on its land, but also on some leased state lands. He said Doyon has built 11 miles of the road with its own money, as well as having built the three smaller bridges to access the oil and gas. He said the company is "very excited for this to move forward." He said the company has three wells and has found "caves," which he explained are empty wells. He stated, "They're ... investing a lot because they ... believe they're going to ... find what they're looking for."

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REPRESENTATIVE TALERICO added that one critical component to agriculture is having a source of water, and there is plenty of water in the area.

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CO-CHAIR TARR invited Representative Talerico to draft a letter for the House Resources Standing Committee's consideration.

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#### **ADJOURNMENT**

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 4:34 p.m.