

**ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE**

January 31, 2018

2:57 p.m.

MEMBERS PRESENT

Representative Andy Josephson, Co-Chair
Representative Geran Tarr, Co-Chair
Representative Harriet Drummond
Representative Justin Parish
Representative Chris Birch
Representative DeLena Johnson
Representative George Rauscher
Representative David Talerico

MEMBERS ABSENT

Representative John Lincoln, Vice Chair
Representative Mike Chenault (alternate)
Representative Chris Tuck (alternate)

COMMITTEE CALENDAR

HOUSE BILL NO. 217

"An Act relating to the Alaska Food, Drug, and Cosmetic Act; 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. 322

"An Act relating to penalties for discharges of oil and other pollution violations; relating to oil discharge prevention and contingency plans for commercial motor vehicles transporting crude oil; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

PREVIOUS COMMITTEE ACTION

BILL: HB 217

SHORT TITLE: RAW MILK SALES; FOOD EXEMPT FROM REGS

SPONSOR(S): REPRESENTATIVE(S) TARR

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|----------|-----|---------------------------------|
| 04/07/17 | (H) | READ THE FIRST TIME - REFERRALS |
| 04/07/17 | (H) | RES, FIN |

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| 04/12/17 | (H) | RES AT 1:00 PM BARNES 124 |
| 04/12/17 | (H) | Scheduled but Not Heard |
| 04/13/17 | (H) | RES AT 5:00 PM BARNES 124 |
| 04/13/17 | (H) | -- Continued from 4/12/17 -- |
| 04/14/17 | (H) | RES AT 1:00 PM BARNES 124 |
| 04/14/17 | (H) | <Bill Hearing Postponed> |
| 04/17/17 | (H) | RES AT 1:00 PM BARNES 124 |
| 04/17/17 | (H) | Heard & Held |
| 04/17/17 | (H) | MINUTE(RES) |
| 01/31/18 | (H) | RES AT 1:00 PM BARNES 124 |

WITNESS REGISTER

DEBBIE SPEAKMAN, Executive Director
Homer Chamber of Commerce
Homer, Alaska

POSITION STATEMENT: Testified in support during the hearing of HB 217.

BRAD ST. PIERRE, Manager
Tanana Valley Farmers Market; Vice President
Alaska Farmers Market Association
Fairbanks, Alaska

POSITION STATEMENT: During the hearing of HB 217, testified in support of certain provisions of the bill.

ROBBI MIXON, Director
Homers Farmers Market; Director
Kenai and Anchorage Food Hub; Director
Alaska Farmers Market Association
Homer, Alaska

POSITION STATEMENT: Testified in support during the hearing of HB 217.

ACTION NARRATIVE

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CO-CHAIR ANDY JOSEPHSON called the House Resources Standing Committee meeting to order at 2:57 p.m. Representatives Josephson, Parish, Talerico, Drummond, and Tarr were present at the call to order. Representatives Rauscher, Birch, and Johnson arrived as the meeting was in progress.

HB 217-RAW MILK SALES; FOOD EXEMPT FROM REGS

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CO-CHAIR JOSEPHSON announced that the first order of business would be HOUSE BILL NO. 217, "An Act relating to the Alaska Food, Drug, and Cosmetic Act; relating to the sale of milk, milk products, raw milk, and raw milk products; and providing for an effective date."

CO-CHAIR TARR, speaking as the sponsor of HB 217, provided a PowerPoint presentation entitled, "House Bill 217 The Alaska Food Freedom Act," undated. Co-Chair Tarr said food freedom is a growing movement that hopes to accomplish goals that are appropriate for Alaska as evidenced by support from the Division of Agriculture, Department of Natural Resources (DNR), indicating there are opportunities in Alaska for agriculture to increase food production and local food security. The goals of the food freedom movement are (slide 1):

- increase direct producer to consumer sales, such as access to farmers markets
- support entrepreneurs through business opportunities for local farmers
- create more opportunities for small-scale food producers through financing
- strengthen the local food system: food imports have increased from 50 percent to 95 percent and currently Alaska has just a three- to five-day food supply in grocery stores
- grow local economies by increasing the purchase of local products

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CO-CHAIR TARR explained a related bill [SSHB 46] was reported from the committee on [3/22/17] and a forthcoming committee substitute (CS) for HB 217 will incorporate SSHB 46 into HB 217; thus the forthcoming CS for HB 217 would accomplish the following: add in statute food freedom language defining farmers markets; allow farmers to sell products through online purchasing mechanisms such as food hubs; give DNR receipt authority for the Alaska Grown logo; give the state and municipalities more freedom to purchase more Alaska grown produce at a 7 percent to 15 percent procurement differential (slide 2).

CO-CHAIR TARR further explained food freedom acts are also known as cottage food laws, which address issues related to the sale

of homemade products. The bill requires homemade products to be sold directly by the producer to consumers who are informed about how the product is prepared, or that the product has not been inspected. Further, the bill seeks to establish a consistent statewide policy regarding the sale of farm and food products and to ensure there is support for economic opportunities for local products. Slide 3 provided definitions of "farmers market" and "farm and food products." Co-Chair Tarr said the number of farmers markets in Alaska has grown from 13 to 40 in the last decade because buyers want to know how their food is grown and by whom. She provided sales numbers for farmers markets in Fairbanks, Homer, Kodiak, and Mountain View, and a chart that illustrated the general benefits of purchasing from farmers markets, such as preserving farmland (slide 4).

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REPRESENTATIVE BIRCH noted the pasteurization of milk affords a level of public protection and asked whether aspects of public health are addressed by the bill.

CO-CHAIR TARR said she would return to concerns related to milk later in the hearing. She advised in 2015, Wyoming was the first state to pass policy related to food freedom, and bills on this topic have been introduced in Utah, Maine, Colorado, and Virginia. Turning to the impact of farming on Alaska's economy, she said the \$5 Alaska Challenge program sponsored by the Alaska Farm Bureau, Inc., could raise \$180 million for the state's economy (slide 5).

CO-CHAIR TARR returned attention to the question raised about raw milk and noted her intent to "pull that section out of the bill," because further work is required to address concerns raised by the Department of Environmental Conservation (DEC) on how to contact consumers if necessary. Also, the Alaska Farm Bureau Inc., supports inspections of raw milk producers. She said she wants to bring all the interested parties together to discuss safety concerns and inspection issues [before proposing legislation related to milk products].

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REPRESENTATIVE BIRCH questioned the necessity of increasing the [state] procurement differential from 7 percent to 15 percent.

CO-CHAIR TARR said in 2014 an audit was requested from the Legislative Budget and Audit Committee to review the state's

policy on product procurement preference. The audit was released in 2016 and she offered to provide copies to the committee. The audit looked at the major contracts held by Alaska institutions and compared the availability and price of imported products with those of Alaska Grown products. The findings were that the procurement rule, which limits paying more than 7 percent over products from Outside, prevented state institutions from purchasing Alaska Grown products. By increasing the limit from 7 percent to 15 percent the bill would provide more flexibility for procurement officers, but would not require that they spend more. She related that once farmers have a greater market and contracts for their products, they will produce more and prices for Alaska Grown products will decrease, and she gave an example. Also revealed by the audit was that the Department of Administration (DOA) will update its request for proposal (RFP) form to include Alaska Grown product preference.

REPRESENTATIVE BIRCH stated his concern adding a 15 percent surcharge to the cost of doing business is unreasonable.

CO-CHAIR TARR pointed out institutions would not receive extra money; however, the total cost of a product to a large institution may be reduced by better meal planning and the use of fresher and healthier products, or locally available products. Further, state dollars would be directed to support local economies and farmers, and to improve the state's food security.

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[CO-CHAIR JOSEPHSON opened invited testimony.]

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DEBBIE SPEAKMAN, Executive Director, Homer Chamber of Commerce, informed the committee Homer has over 1,000 high tunnels and the community enjoys an abundance of produce. She advised Homer also has many young entrepreneurs who are excited to found businesses, and food freedom legislation will streamline business that is conducted by cottage industries, farmers markets, and food hubs. She said local jams and jellies can't be purchased online because of various state and local restrictions. Ms. Speakman spoke in support of making regulations clean and concise to help young entrepreneurs, thereby diversifying the state's economy. Further, the bill

would ensure institutions and municipalities can purchase local foods in Homer and in other communities.

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BRAD ST. PIERRE, Manager, Tanana Valley Farmers Market, and Vice President, Alaska Farmers Market Association, said he farms vegetables and hay near Fairbanks. He provided a brief history of the farmers market in Fairbanks that was founded in the mid-1970's and which has grown to house over 100 vendors on its improved property. Mr. St. Pierre said hundreds of thousands of pounds of vegetables have been sold at the Fairbanks farmers market. The Alaska Farmers Market Association has nearly 40 members who work to help all its vendors become strong economic drivers for the state. In fact, the Fairbanks farmers market sold \$1.2 million of local Alaska Grown/Made products last season. Mr. St. Pierre said most of the money from the sale of Alaska Grown/Made products stays in Alaska. The bill would align Alaska's value of local products and show the state is supporting its farmers. He pointed out implementation of the federal Food Safety Modernization Act means that farming has advanced from a zero-regulated to a strictly regulated industry, but states that have food freedom legislation support the direct sales of unadulterated farm products to educated consumers. Further, the absence of statewide regulation inhibits emerging food production, and contributes to the lack of new and young farmers who need a clear path through state regulation.

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MR. ST. PIERRE opined the increase in the allowed procurement preference within HB 217 is an economic initiative that would make local products more attractive to state entities and the profits would be earned by Alaska companies. Also, the bill would enable the Division of Agriculture, DNR, to market the Alaska Grown logo and earn revenue. He reported the bill has support from the Fairbanks Chamber of Commerce, and gave examples of businesses that originated at the farmers market and transitioned to permanent locations. Mr. St. Pierre clarified that the Alaska Farmers Market Association supports HB 217 without the provision related to milk.

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ROBBI MIXON, Director, Homer Farmers Market, the Kenai and Anchorage Food Hub, and the Alaska Farmers Market Association, informed the committee she has been an Alaska resident for nine

years. She advised online farmers markets are also known as food hubs, and are increasing in popularity nationwide. In Alaska, there are three food hubs: one in Homer, serving Homer, Soldotna, Seldovia, and Anchorage, one in the Matanuska-Susitna valley, and one in Southeast. She explained a food hub offers growers and value-added producers a virtual stall for posting information and their products; customers place orders online and collect desired products from a designated location. Ms. Mixon further described the growth of food hubs that benefit clients of the private sector and federal programs. She pointed out the bill would allow cottage foods to be sold by online farmers markets, which is currently not allowed by DEC; cottage foods are made in nonregulated kitchens and are products with a low probability of bacterial growth like jams, breads, and pickles. Ms. Mixon urged support for HB 217 and assured the committee the issue of traceability is addressed by information recorded by online sales and labeling requirements.

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MS. MIXON continued to explain the Kenai and Anchorage Food Hub does not own the products it offers but provides virtual space for vendors, and collects operational costs as farmers markets normally do. She pointed out in Alaska an online farmers market is allowed to market a limited amount of home-processed poultry; however, marketing homemade bread or jam is not allowed, and she urged for a loosening of regulations in Alaska. Furthermore, the bill would not preclude an investigation by DEC of any food borne illness. She urged for support of a more secure food system by expanding cottage foods regulations to include online farmers markets, and to provide small-scale business opportunities. Ms. Mixon also expressed support for the provisions in HB 217 that allow DNR to charge a fee for the use of the popular and valuable Alaska Grown trademark, and for the increase in the procurement preference.

[HB 217 was held over.]

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ADJOURNMENT

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 3:40 p.m.