

**ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE**

February 14, 2018

1:30 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

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

PREVIOUS COMMITTEE ACTION

BILL: HB 217

SHORT TITLE: RAW MILK SALES; FOOD EXEMPT FROM REGS

SPONSOR(s): REPRESENTATIVE(S) TARR

04/07/17	(H)	READ THE FIRST TIME - REFERRALS
04/07/17	(H)	RES, FIN
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
01/31/18	(H)	Heard & Held
01/31/18	(H)	MINUTE (RES)
02/07/18	(H)	RES AT 1:00 PM BARNES 124
02/07/18	(H)	Heard & Held
02/07/18	(H)	MINUTE (RES)
02/14/18	(H)	RES AT 1:00 PM BARNES 124

WITNESS REGISTER

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

POSITION STATEMENT: Provided a PowerPoint presentation entitled, "Alaska Agriculture," dated 2/14/18.

HEIDI HANSEN, Deputy Commissioner
 Office of the Commissioner
 Department of Natural Resources
 Anchorage, Alaska

POSITION STATEMENT: Offered to provide additional information during the presentation by the Division of Agriculture, Department of Natural Resources.

AMY SEITZ, Executive Director
 Alaska Farm Bureau, Inc.
 Soldotna, Alaska

POSITION STATEMENT: Co-provided a PowerPoint presentation entitled, "Alaska Farm Bureau, The Voice of Agriculture," [undated].

BRYCE WRIGLEY, President
 Alaska Farm Bureau, Inc.
 Delta Junction, Alaska

POSITION STATEMENT: Co-provided a PowerPoint Presentation entitled, "Alaska Farm Bureau, The Voice of Agriculture," [undated].

SUZY CROSBY, Spokesperson
 Cottonwood Creek Farm
 Wasilla, Alaska

POSITION STATEMENT: Provided information on herd sharing.

NICOLE AREVALO
 Homer, Alaska

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

GEORGE PIERCE
Kasilof, Alaska

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

ACTION NARRATIVE

[1:30:49 PM](#)

CO-CHAIR GERAN TARR called the House Resources Standing Committee meeting to order at 1:30 p.m. Representatives Tarr, Birch, Parish, Talerico, Rauscher, Drummond, Johnson, Lincoln, and Josephson were present at the call to order.

HB 217-RAW MILK SALES; FOOD EXEMPT FROM REGS

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CO-CHAIR TARR 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."

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ARTHUR KEYES, Director, Division of Agriculture, Department of Natural Resources (DNR), gave his brief background information and described the meaning of specialty crops such as produce. He provided a PowerPoint presentation entitled, "Alaska Agriculture," dated 2/14/18, beginning with an agenda on slide 2, and introduced a video of statements from three Alaskan farmers.

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A short video was shown from 1:36 p.m. to 1:39 p.m.

MR. KEYES continued to slide 4, noting Alaskans consume 156 million pounds of poultry, pork, and beef annually, and produce approximately 2.5 million pounds of beef and pork, [estimated as of 2016], and poultry [estimated as of 2012]. He explained the data for poultry is out-of-date and the division expects the local numbers for poultry to increase dramatically. In regard

to dairy, as of 2017, Alaska has one dairy and he said because Alaskans consume 32 million pounds of milk per year, dairy and other sources of protein are products that provide an opportunity for growth in agriculture in Alaska. Slide 5 indicated the number of farms in Alaska has increased from 570 in 1992 to 762 in 2012, which has led also to an increase in livestock; livestock are a cornerstone of the agriculture industry because livestock need grain and hay for feed. In response to Representative Drummond, Mr. Keyes explained the 2017 Census for Agriculture is underway and the U.S. Department of Agriculture (USDA) will release census data to the public later in 2018.

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REPRESENTATIVE JOHNSON asked how the Census for Agriculture defines a farm for its data.

MR. KEYES said a farm must generate some sales income to be included in the census.

REPRESENTATIVE PARISH inquired as to the geographic breakdown of the farms indicated on slide 5.

MR. KEYES speculated Alaska has three traditional centers of agriculture: the Kenai Peninsula, the Matanuska Valley, and the Delta Junction and Fairbanks area; however, farms are located all around the state.

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HEIDI HANSEN, Deputy Commissioner, DNR, offered to provide specific information on where farms are located.

MR. KEYES informed the committee since 1981 there have been no positions in the division with the expertise and direction to develop the livestock industry; in fact, Alaska only produces 1.5 percent to 1.6 percent of its consumption and he restated the opportunity to grow the industry. He acknowledged the division has existing programs which support the livestock industry, such as land sales, loan programs, retail access, and farmers' markets, but the programs lack important veterinary and scientific knowledge (slide 6). Mr. Keyes said the division has proposed a livestock program that would consist of two positions - a veterinarian and a development specialist - who would meet with producers, and collaborate with private sector veterinarians, USDA, the Cooperative State Research, Education,

and Extension Service, USDA, the University of Alaska, and other stakeholders. Further, the livestock program staff would provide support for the development of the industry, provide current reliable information, and advocate for the industry (slide 7). He spoke to the importance of the proposed program.

REPRESENTATIVE PARISH asked where the program would be based and whether staff would travel to support all agricultural programs in the state, such as caribou herding and poultry raising.

MR. KEYES opined staff would be housed in Palmer. He advised there are two veterinarians on staff at U.S. Fish and Wildlife Service, U.S. Department of the Interior, for caribou, but poultry would fall within the purview of the proposed program.

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REPRESENTATIVE DRUMMOND asked whether farmed reindeer are considered livestock or wildlife, or if reindeer are the same as caribou.

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MR. KEYES said reindeer and caribou are distinctly different; he acknowledged the division, because of the lack of a livestock program since 1981, is not involved with reindeer herding. In further response to Representative Drummond, he was unsure as to the impact of the livestock program related to reindeer herding. Mr. Keyes continued to slide 8, noting producers have informed the division they seek a one-stop shop for answers to questions about feed, health, and importing livestock in Alaska's unique conditions. The division can answer questions about land and loans, but the veterinarian position is needed to provide a science background, and he assured the committee both positions would be busy. One goal of the livestock industry program is to double production by 2020 (slide 9).

REPRESENTATIVE LINCOLN questioned whether an increase in production is possible from existing farms.

MR. KEYES has heard some existing producers intend to increase production, and growth is expected from existing and new farms. Turning to food security, he pointed out 92 percent to 98 percent of food in Alaska is imported, thus every Alaskan depends on barges, trains, boats, and trucks for food; however, Alaska grown food is of higher quality, can be grown everywhere in the state, and is an economic opportunity (slide 10).

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REPRESENTATIVE BIRCH expressed his concern about proposed legislation that would increase the surcharge a municipality or school district would pay for Alaska grown food, and questioned whether it is necessary to increase the percentage from 7 percent to 15 percent for locally grown products.

MR. KEYES gave the example of imported milk available in Anchorage for less than \$4 per gallon, and local milk available for \$5.50 per gallon. He said the shipping cost of imported milk is subsidized to the detriment of local dairies and Alaska is a dumping ground for outside products.

REPRESENTATIVE BIRCH restated his objection to a 15 percent surcharge.

MR. KEYES advised the Anchorage School District serves over 30,000 meals per day and switched from powdered potato flakes to local potatoes to make mashed potatoes at an additional cost of 1.4 cents. Not all higher costs for local products will be 15 percent; however, even at 15 percent, health and economic benefits to a community would offset the cost. Mr. Keyes returned to food security, and said there are 40 farmers' markets in Alaska supplied by innovative producers such as indoor hydroponic growing systems and high tunnels, which can be utilized in every Alaska community (slide 11). Food security and access would be strengthened if each Alaskan spends \$5 per week on local food, which would put \$188 million in Alaska's economy, and the division seeks to connect Alaska farmers to retail outlets and Alaska consumers (slide 12). As elsewhere, Alaskans only eat 10 percent of the recommended consumption of fruits and vegetables, and through the Alaska Farm to School Program, the division has seen success in getting fresh products into school lunches, which can happen throughout the state. In addition to cost savings by using Alaska Grown products, the program provides better food options for children (slide 13). Everyone can support this program by participating in the Alaska Grown \$5 Challenge, by visiting a local farmer, greenhouse, orchard, or garden, and he further described the success of the Alaska Grown program, which will be expanded next season (slide 14).

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REPRESENTATIVE BIRCH asked for clarification as to which crops have expiration dates.

MR. KEYES explained produce items expire "on their own" and do not require an expiration date.

REPRESENTATIVE BIRCH asked whether marijuana [production] is handled by the division.

MR. KEYES said marijuana is overseen by the Alcohol and Marijuana Control [Office], Department of Commerce, Community & Economic Development; after the passage of proposed legislation, hemp will be a crop and thus overseen by the division. In response to Representative Lincoln, Mr. Keyes said he would provide Representative Lincoln additional information on shipping subsidies.

REPRESENTATIVE DRUMMOND referred to proposed legislation related to industrial hemp and advised the bill defines the maximum tetrahydrocannabinol (THC) level allowed in industrial hemp.

REPRESENTATIVE TALERICO suggested the division compile the information shown on slides 4 and 9 of the presentation for clarification.

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The committee took an at-ease from 2:13 p.m. to 2:15 p.m.

[2:15:09 PM](#)

AMY SEITZ, Executive Director, Alaska Farm Bureau, Inc., informed the committee the Alaska Farm Bureau, Inc. (Farm Bureau) is the largest agriculture advocacy organization in Alaska, has 400 members, and seeks to promote policy that will expand the agricultural industry in Alaska. A strong policy - as directed by Farm Bureau members - will build farms, improve food security, and stabilize local economies (slide 1). The Farm Bureau's mission is to improve the economic well-being and expansion of agriculture and to enrich the quality of life for all Alaskans by expanding farming opportunities, educating consumers, and securing the future of family farms and farmers (slide 2). Ms. Seitz stated Alaskans produce 5 percent of the food consumed, and without successful farms and ranches, food security will continue to be threatened by natural disasters and interrupted shipping. She pointed out farming includes other industries that contribute to the local economy such as natural

fibers of wool, cashmere, angora, and qiviut, the peony industry, and Rhodiola. She concluded expanding the agricultural industry enriches the life of Alaskans through food security and sustainable local economies.

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BRYCE WRIGLEY, President, Alaska Farm Bureau, Inc., added food security has been a priority for the Farm Bureau for about 10 years and it has sought through various initiatives to reach its ultimate goal: Alaska farms feeding Alaskans a balanced diet for about 90 days following an emergency. For example, the Centers for Disease Control and Prevention advise a food transportation quarantine could be in effect for up to 90 days. He advised a balanced diet grown in Alaska includes meat, grains, dairy, fruits, and vegetables and should become part of Alaska's distribution chain available in grocery stores.

REPRESENTATIVE JOHNSON asked whether there is a policy for food distribution within the state, after products have reached Alaska.

MR. WRIGLEY said food distribution within the state has only been discussed in broad terms of community emergency planning; he pointed out food grown in Alaska originates 1,800 miles closer than products shipped from Outside, and would not be affected by an emergency in the Lower 48.

CO-CHAIR TARR announced a statewide food policy meeting scheduled for March 5, [2018].

REPRESENTATIVE DRUMMOND observed in Anchorage, Costco Wholesale provides local meats and fish, but not local vegetables.

MR. WRIGLEY explained large chain stores usually purchase through a distributor; for example, during the Alaska Grown \$5 Challenge 23 Safeway stores opened to his products and he needed a distributor for deliveries. Pertaining to Costco, he suggested certain stores may have a policy that allows them to source products, but generally a distributor is involved.

MS. SEITZ expressed her belief Costco is interested in local products.

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MR. WRIGLEY continued to explain if Alaska products are part of the food distribution chain - with a 90-day supply in bins, feedlots, and storage bins - large storage vessels kept for an emergency are unnecessary (slide 3). Slide 4 illustrated the Alaska Food Pyramid, and he said all aspects of the food pyramid can be raised in Alaska, including nutrition, fiber, fats, vegetables, minerals, and vitamins. To achieve the goal, Alaska could produce a 90-day supply of potatoes from 1,200 cultivated acres; current production is 560 acres; in fact, a 90-day supply of potatoes and carrots would not be difficult, but other products need an increase in the market to create an opportunity for farmers to increase supply (slide 5). Mr. Wrigley said another important function of the Farm Bureau is to advocate for policies to assist agriculture, which takes cooperation between legislators, the administration, and farmers. Other states have had many years to develop agricultural systems and processing and to adjust to changing laws and policies. In Alaska, food production and processing capacity is in its infancy and farmers are challenged by federal policies and new proposals such as a sin tax on meat, or restrictions on the ability to raise livestock on one's farm. He stressed the Farm Bureau can be relied upon to provide accurate policy recommendations for agriculture and not personal opinion (slide 6).

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MS. SEITZ discussed a partnership with the division, the Kenai Soil and Water Conservation District, and the Farm Bureau, that resulted in the Alaska Grown \$5 Challenge, and she explained \$5 spent by every Alaskan each week on Alaska Grown products would add \$188 million to Alaska's economy (slide 7). The purpose is to educate residents about products that are available; the division involved retailers who successfully promoted the program and the agricultural industry. Opportunities can also be expanded through partnerships with legislators, administrators, and policymakers to support small and beginning farmers and ranchers in Alaska. Ms. Seitz opined HB 217 would help smaller farmers and the cottage food industry access markets and provide more options for consumers. Other aspects of policy include state land issues, overregulation that burdens farmers, and excessive taxes. Although the sale of raw milk is controversial, it could result in more farms in the state; another policy issue is a new sector of agriculture, agritourism, and the liability of farmers who host farm visits, "U-pick" farms, and school visits. She advised policy and proposed legislation is discussed by Farm Bureau members at their annual meetings.

CO-CHAIR TARR noted the agritourism issue may be incorporated into HB 217.

MS. SEITZ introduced several farmers in the galley.

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REPRESENTATIVE TALERICO asked for an estimate of the current economic impact of the Alaska Grown \$5 Challenge.

MR. WRIGLEY was unsure.

MR. KEYES was unsure.

CO-CHAIR TARR recalled farmers introduced the idea of expanding raw milk sales to her at the 2016 Farm Bureau annual meeting.

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SUZY CROSBY, Spokesperson, Cottonwood Creek Farm, said her goat farm began herd sharing after 2003 when her goats produced more milk than her family needed. In accordance with Alaska state law, the farm now has several dozen regular herd share customers who purchase a share of the herd, pay for a share of herd expenses, and receive a share of milk. Ms. Crosby said those who seek raw milk include those who believe it is perfect food, who prefer to eat local products when possible, who wish to know the farmer, and/or who have digestive issues. The farm does not advertise, and participants are interested in additional products, but current law only allows herd sharing of fluid milk to members. She pointed out raw milk is highly regulated, although there is food freedom legislation pending in Wyoming and across the U.S., and in Maine raw milk laws allow licensed producers to make cheese, yogurt, and other products sold on the farmer's property. Ms. Crosby acknowledged raw milk is a polarizing issue that garners support and opposition; however, the greater issues are food freedom and choice for consumers. She urged the state to be more encouraging to small farmers and small producers who can supply local products to friends and neighbors.

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CO-CHAIR TARR suggested Alaska could expand its existing laws to follow the example set by Maine and allow producers to sell individual containers [of raw milk] or make other products. She

pointed out imported cheese made from raw milk is available in Alaska. Further, the Farm Bureau expressed support for expanding raw milk sales provided inspections are required, and the Department of Environmental Conservation urged [for legislation that would require] producers to maintain a customer database in the case a problem arises.

REPRESENTATIVE RAUSCHER asked how profits are divided in a herd share.

MS. CROSBY explained herd share members pay an initial \$40 fee and a monthly maintenance fee for a share of the milk produced from the herd, but members do not have rights to the animals. In further response to Representative Rauscher, she clarified the \$40 membership fee purchases approximately a 10 percent share of a goat in the herd, which is also the average amount of milk. Meat or other products are not involved; the intent of a herd share is to obtain fluid milk for members.

CO-CHAIR TARR questioned how herd share members divide the quantity produced by the herd.

MS. CROSBY gave the example of a member who wants one gallon of milk per week; the member would have a scheduled pick up day and pay \$75 per month for a shared maintenance fee and their share of the milk.

REPRESENTATIVE DRUMMOND questioned whether the membership fee is in addition to the monthly flat rate.

MS. CROSBY said yes, the monthly maintenance flat rate pays for the care and feeding of the goats. She added that goat milk is better for those who are lactose intolerant because pasteurization strips milk of many digestive enzymes.

CO-CHAIR TARR observed herd sharing limits a member's choice as to the quantity of milk. She invited public testimony [public testimony was not closed at the previous hearing].

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NICOLE AREVALO said she was a resident of Homer and expressed her support for HB 217. Ms. Arevalo opined the bill makes sense for Alaska's economy and for those who prefer to buy locally produced foods whenever possible at farmers' markets and at the local grocery store. There is expanding interest in the availability of local foods rather than from Outside and HB 217

would help consumers who are interested in locally grown and wish to support the economy. Also, producers of local food need more online outlets, such as the Kenai Peninsula Food Hub. Further, online sales would help new businesses and small-scale operations that offer jams and pickles, and would also keep money from leaving the state. Ms. Arevalo noted online markets do not prevent consumers from asking questions about products or reduce food safety, but online forms can provide all the information needed by producers and consumers. She concluded the bill would also provide for more locally sourced food to be utilized by schools and other state-sponsored agencies.

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GEORGE PIERCE expressed his support for HB 217. He said the state needs to encourage growing, and support its agriculture and dairy products, because in an emergency Alaskans may not get food. He urged Alaskans to stop depending upon corporations and others, and to make land available for gardening, dairy, and game. Outside products do not have nutritional value; however, high tunnels on the Kenai Peninsula are very successful. Mr. Pierce urged for the state to give land to farmers and support farming for fresh and healthy food.

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CO-CHAIR TARR closed public testimony. She introduced a forthcoming amendment that would incorporate farm tours into sports and recreational activities in order to limit the liability [of farms conducting tourism activities].

HB 217 was held over.

[3:01:52 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 3:01 p.m.