

**ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE**

March 29, 2019

1:02 p.m.

MEMBERS PRESENT

Representative Geran Tarr, Co-Chair
Representative Sara Hannan
Representative Ivy Spohnholz
Representative Chris Tuck
Representative Dave Talerico
Representative George Rauscher

MEMBERS ABSENT

Representative John Lincoln, Co-Chair
Representative Grier Hopkins, Vice Chair
Representative Sara Rasmussen

COMMITTEE CALENDAR

HOUSE BILL NO. 35

"An Act relating to participation in matters before the Board of Fisheries and the Board of Game by the members of the respective boards; and providing for an effective date."

- MOVED CSHB 35(FSH) OUT OF COMMITTEE

HOUSE JOINT RESOLUTION NO. 10

Supporting development of the road belt electrical transmission line; and urging members of the Alaska delegation in Congress to pursue the development of this high- voltage electrical line in the interior of the state.

- HEARD & HELD

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 16

"An Act relating to shared animal ownership; and relating to the sharing and sale of raw milk and raw milk products."

- MOVED SSHB 16 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 35

SHORT TITLE: CONFLICT OF INTEREST: BD FISHERIES/GAME

SPONSOR (s) : REPRESENTATIVE (s) STUTES

02/20/19 (H) READ THE FIRST TIME - REFERRALS
02/20/19 (H) FSH, RES
03/07/19 (H) FSH AT 10:00 AM GRUENBERG 120
03/07/19 (H) Heard & Held
03/07/19 (H) MINUTE(FSH)
03/12/19 (H) FSH AT 11:00 AM GRUENBERG 120
03/12/19 (H) Moved CSHB 35(FSH) Out of Committee
03/12/19 (H) MINUTE(FSH)
03/13/19 (H) FSH RPT CS(FSH) 6DP 1NR
03/13/19 (H) DP: VANCE, TARR, KOPP, EDGMON, KREISS-
TOMKINS, STUTES
03/13/19 (H) NR: PRUITT
03/27/19 (H) RES AT 1:00 PM BARNES 124
03/27/19 (H) Heard & Held
03/27/19 (H) MINUTE(RES)
03/29/19 (H) RES AT 1:00 PM BARNES 124

BILL: HJR 10

SHORT TITLE: SUPPORTING ROAD BELT ELECTRICAL LINE

SPONSOR (s) : REPRESENTATIVE (s) TALERICO

03/04/19 (H) READ THE FIRST TIME - REFERRALS
03/04/19 (H) ENE, RES
03/14/19 (H) ENE AT 10:15 AM CAPITOL 17
03/14/19 (H) Moved CSHJR 10(ENE) Out of Committee
03/14/19 (H) MINUTE(ENE)
03/15/19 (H) ENE RPT CS(ENE) 4DP 2NR
03/15/19 (H) DP: RAUSCHER, PRUITT, FIELDS, SPOHNHOLZ
03/15/19 (H) NR: ZULKOSKY, HOPKINS
03/29/19 (H) RES AT 1:00 PM BARNES 124

BILL: HB 16

SHORT TITLE: LOCAL FOOD PROCUREMENT; LABELING

SPONSOR (s) : REPRESENTATIVE (s) TARR

02/20/19 (H) PREFILE RELEASED 1/7/19
02/20/19 (H) READ THE FIRST TIME - REFERRALS
02/20/19 (H) RES, FIN
03/20/19 (H) SPONSOR SUBSTITUTE INTRODUCED
03/20/19 (H) READ THE FIRST TIME - REFERRALS
03/20/19 (H) RES, FIN
03/22/19 (H) RES AT 1:00 PM BARNES 124
03/22/19 (H) Heard & Held
03/22/19 (H) MINUTE(RES)
03/29/19 (H) RES AT 1:00 PM BARNES 124

WITNESS REGISTER

MATT GRUENING, Staff
Representative Louise Stutes
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: On behalf of Representative Stutes, chair, House Special Committee on Fisheries, sponsor of CSHB 35(FSH), presented new documents in support of the bill.

JASON HOKE, President
Board of Directors
Copper Valley Development Association
Alaska Regional Development Organizations
Division of Economic Development
Department of Commerce, Community & Economic Development;
Program Director
Ahtna Inter-Tribal Resource Commission
Copper Center, Alaska

POSITION STATEMENT: Provided a PowerPoint presentation entitled, "Road Belt Inter-Tie (RBIT)."

JOHN DUHAMEL, Chief Executive Officer
Copper Valley Electric Association
Glennallen, Alaska

POSITION STATEMENT: Provided a PowerPoint presentation entitled, "Road Belt Intertie (RBIT) Concept," and expressed support during the hearing of HJR 10.

CRYSTAL ENKVIST, Executive Director
Alaska Power Association
Anchorage, Alaska

POSITION STATEMENT: Testified in support during the hearing of HJR 10.

ART GRISWOLD, Owner
Golden Heart Dairies
Delta Junction, Alaska

POSITION STATEMENT: Testified in support during the hearing of HB 16.

JOHN ANDERSON
Fairbanks, Alaska

POSITION STATEMENT: Testified in support during the hearing of HB 16.

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

POSITION STATEMENT: Testified in support during the hearing of
HB 16.

SUZY CROSBY, Spokesperson
Cottonwood Creek Farm
Wasilla, Alaska

POSITION STATEMENT: Testified in support during the hearing of
HB 16.

COURTNEY MUNSON
Anchorage, Alaska

POSITION STATEMENT: Testified in support during the hearing of
HB 16.

LESLIE TOMPKINS
Wasilla, Alaska

POSITION STATEMENT: Testified in support during the hearing of
HB 16.

GIANA THOMAS
Wasilla, Alaska

POSITION STATEMENT: Testified in support during the hearing of
HB 16.

CANDY BATES
Delta Junction, Alaska

POSITION STATEMENT: Testified in support during the hearing of
HB 16.

PETE KENNEDY, Attorney
Weston A. Price Foundation
No city provided, Florida

POSITION STATEMENT: Testified in support during the hearing of
HB 16.

ROBERT GERLACH, VMD, State Veterinarian
Office of the State Veterinarian
Division of Environmental Health
Department of Environmental Conservation
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing of HB
16.

ACTION NARRATIVE

[1:02:38 PM](#)

CO-CHAIR GERAN TARR called the House Resources Standing Committee meeting to order at 1:02 p.m. Representatives Talerico, Spohnholz, Tuck, Hannan, and Tarr were present at the call to order. Representative Rauscher arrived as the meeting was in progress.

HB 35-CONFLICT OF INTEREST: BD FISHERIES/GAME

[1:03:01 PMS](#)

CO-CHAIR TARR announced that the first order of business would be HOUSE BILL NO. 35, "An Act relating to participation in matters before the Board of Fisheries and the Board of Game by the members of the respective boards; and providing for an effective date."

[Before the committee was the committee substitute (CS) for HB 35(FSH), reported out of the House Special Committee on Fisheries on 3/13/19.]

[1:03:37 PM](#)

MATT GRUENING, Staff, Representative Louise Stutes, Alaska State Legislature, sponsor of HB 35, directed attention to documents provided in the committee packet which were a letter of support from Cordova District Fishermen United, and a letter from United Fishermen of Alaska that explains why it is critical for a board member to speak during the final stage of board deliberations. He restated the intent of the bill: allow board members who have a declared conflict of interest to deliberate on a proposal prior to their recusal from voting; the bill makes no changes to voting or how a conflict is determined and has no fiscal impact.

[1:05:03 PM](#)

REPRESENTATIVE HANNAN moved to report CSHB 35(FSH), [Version 31-LS0297\U], out of committee with individual recommendations and the attached fiscal note. There being no objection, CSHB 35(FSH) was reported from the House Resources Standing Committee.

[1:05:42 PM](#)

The committee took an at-ease from 1:05 p.m. to 1:09 p.m.

HJR 10-SUPPORTING ROAD BELT ELECTRICAL LINE

[1:09:37 PM](#)

CO-CHAIR TARR announced that the next order of business would be HOUSE JOINT RESOLUTION NO. 10, Supporting development of the road belt electrical transmission line; and urging members of the Alaska delegation in Congress to pursue the development of this high- voltage electrical line in the interior of the state.

[Before the committee was the committee substitute (CS) for HJR 10(ENE), reported out of the House Special Committee on Energy on 3/15/19.]

REPRESENTATIVE TALERICO, sponsor of HJR 10, paraphrased from the following written sponsor statement [original punctuation provided]:

The Development of the road belt electrical inter-tie transmission line would create a high-voltage electrical line running from Sutton to Glennallen, where a subtransmission line would extend to Gakona and on to Tok and north through the upper Tanana region to Delta Junction, and the final leg of the project would run from near Delta Junction, just south of Fort Greely, back to Gakona. This resolution supports infrastructure development for energy and national security, economic development, and natural resource development in the State of Alaska. The Trans Alaska Pipeline (TAPS) would benefit by using the low-cost energy provided by the transmission line in the operation of the pipeline and protection of its off-grid pump stations. A high-voltage electrical line would complete an electrical transmission bus loop and establish a second path for power transmission from Anchorage to Fairbanks which is needed during disasters such as earthquakes. With the infrastructure development and the increase in population at Eielson Air Force Base, Fort Greeley and Clear Air Force Station, the need for power in the region will increase significantly. This resolution urges Congress to advocate for the security of the nation's northernmost military and oil infrastructure by pursuing the development of the Road Belt Inter-tie. This is a project long overdue for Alaska and I ask for your support for this resolution.

REPRESENTATIVE TALERICO continued, noting Alaska is becoming a national security stronghold for the U.S. as evidenced by an increased military presence in the state. He said he seeks to ensure a supply of power to military and other facilities in the Interior of Alaska.

[1:14:40 PM](#)

JASON HOKE, President, Board of Directors, Copper Valley Development Association (CVDA), Alaska Regional Development Organizations, Division of Economic Development, Department of Commerce, Community & Economic Development (DCCED), and Program Director, Ahtna Inter-Tribal Resource Commission, directed attention to a PowerPoint presentation entitled, "Road Belt Inter-Tie." Mr. Hoke provided a short history of the Rail Belt Inter-Tie (RBIT), beginning in the late 1980s (slide 2). Phase 1 of the project would transmit 138-245 kilovolts (kV) of power from Sutton to Glennallen to Delta. Phase 2 would transmit power via a subtransmission line 227 miles from Gakona to Tok to Delta. Mr. Hoke noted the lines could utilize existing rights of way as there are already distribution powerlines running in the area with the exception of 100 miles. He explained completion of a "bus loop" of transmission lines around the road system of Interior Alaska is necessary to create redundancy in the event of an earthquake, an avalanche, or other power emergency. The project would electrify an area the size of Montana (slide 3). Slide 4 illustrated two maps of the current concept, one of which showed the project and connections to renewable energy resources and potential natural resource development opportunities. A smaller map showed the current Railbelt transmission line and phase 1 and phase 2 of the proposed project. Mr. Hoke stated the project has been studied and vetted; he provided a list of local utilities, local governments, state agencies, and Tribal organizations that are in strong support of the project (slide 5).

[1:19:45 PM](#)

REPRESENTATIVE HANNAN asked for a description of the sources of current power generation, and levels of production, within the affected area.

MR. HOKE explained the existing power generation sources of power beyond Sutton are primarily diesel-generated microgrids. Slide 6 listed additional support and resolutions in support of the project; he described how contacts were made with local communities. Slide 7 listed how current costs of power inhibit

development; for example, electrical microgrids are expensive and consume approximately four million gallons of diesel fuel per year. Further, the Power Cost Equalization (PCE) program does not cover commercial or state and federal facilities; the University of Alaska Fairbanks power plant consumes 6,000 gallons of diesel fuel per hour.

MR. HOKE turned to the topic of economic and natural resource development; he said cheaper electrical power expands business retention and expansion and he provided several examples of proposed manufacturing, mining, agricultural, and tourism opportunities currently prohibited by the cost of electricity (slide 8). Because energy is national security, military benefits include power to Alaska military bases and stations, redundancy and reliable energy, reduced costs, support for growth in defense installations, and compliance with the military guideline of 25 percent renewable power (slide 9). Mr. Hoke opined energy, transportation, and communication are necessary for infrastructure and Alaska's road system supplies transportation and communication, however, lower cost energy is lacking: new industry and economic development mean new revenue for the state; the legislature is the Interior's governing body; residents must choose between buying groceries and paying their electric bill; residents must choose between living at home or moving to cities (slide 10). To advance the project, \$2 million is needed from the legislature for a reconnaissance engineer's study/report, after which the project would be submitted to state and federal agencies for funding (slide 11).

[1:32:28 PM](#)

REPRESENTATIVE HANNAN questioned whether the project would be completely funded with federal funds and if the U.S. Department of Defense is "on board with this conceptually"

MR. HOKE stated the majority of funding may come from the federal government; he referred to a letter to U.S. Senator Dan Sullivan included in the committee packet. In addition, there is interest from the Rural Utilities Service, Rural Development, U.S. Department of Agriculture, the U.S. Department of Energy, and the U.S. Department of Commerce.

REPRESENTATIVE HANNAN surmised Sutton is the starting point because the existing transmission lines end there.

MR. HOKE affirmed the transmission line from Matanuska Electric Association, Inc. (MEA) ends in Sutton. In response to

Representative Rauscher, he said the reconnaissance engineer's study/report would define the location of the start of the transmission line.

REPRESENTATIVE SPOHNHOLZ questioned whether the next step is to obtain funding for the project subsequent to passage of HJR 10.

MR. HOKE advised he is working to obtain \$2 million in state or federal funding for the reconnaissance engineer's study/report; in fact, HJR 10 would remind Alaska's congressional delegation and federal agencies that most of the Lower 48 has benefitted from years of federal funding for infrastructure prior to 1959. In further response to Representative Spohnholz, he said he has met with Alaska's congressional delegation.

[1:39:16 PM](#)

REPRESENTATIVE SPOHNHOLZ asked whether there is any opposition to the project from affected communities.

MR. HOKE acknowledged there has been some opposition to details of the project; for example, residents of Sutton would prefer the underground installation of transmission lines. He opined these are mitigating issues and not opposition to the project.

REPRESENTATIVE RAUSCHER confirmed Sutton residents want the transmission line installed underground following the existing line; he stated his support for HJR 10.

[1:43:16 PM](#)

JOHN DUHAMEL, Chief Executive Officer, Copper Valley Electric Association, provided a PowerPoint presentation entitled, "Road Belt Intertie (RBIT) Concept." He said the Road Belt Intertie (RBIT) would benefit the power utilities and the isolated power grids along the Richardson Highway. Mr. Duhamel explained moving electricity includes distribution power and transmission power. Distribution power are lower voltages moved to residential, commercial, and industrial customers and managed by a power utility. Transmission and sub-transmission power are high voltages moved between communities and managed by utilities or the state. The proposed project is a transmission and sub-transmission project that would be managed by the state. He stressed transmission, similar to airports and roads, is infrastructure (slide 2).

MR. DUHAMEL continued to slide 3 - which was an illustration of an electric power system overview - and described expenses associated with high voltage transmission. Slide 4 listed the power principles of a grid, which is a system of wires, structures and substations: a bigger grid is more resilient and can absorb interruptions caused by a falling tree or fluctuations from renewable energy sources such as wind and solar; a grid set in a loop can move power in any direction; a bigger grid is economical for all users. Mr. Duhamel advised RBIT is not a new concept and was studied by the Alaska Energy Policy Task Force in 2003 (slide 5). Slide 6 was a map of the region that would benefit from RBIT. Currently, the region is supplied by isolated grids, or there is no power; most available power is produced by fossil fuel.

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REPRESENTATIVE HANNAN asked whether any of the existing isolated grids produce excess power.

MR. DUHAMEL said some produce surplus power, but it is not cheap; for example, Copper Valley Electric Association (CVEA) has additional capacity generated by diesel, and a slight overage of hydropower in the summer. If RBIT were built, CVEA could provide hydropower to more customers and could also connect with excess power generated by natural gas.

REPRESENTATIVE HANNAN questioned whether Chickaloon Wind, Five Mile Hydro, Chitina Wind, and Gulkana Pellet Mill were currently producing power.

MR. DUHAMEL expressed his understanding they are isolated grids that are producing power. He then summarized RBIT key points from the power utility point of view (slide 7): a larger grid is better for all; capacity available to more customers; connect isolated grids; improved reliability; allow more renewable energy and other sources of energy; provide more choice for customers. Mr. Duhamel stated the power utility industry supports HJR 10 for the following reasons: gives credibility to RBIT; informs Alaska's congressional delegation and the federal government; allows more renewable opportunity; supports a request for federal funds; revitalizes RBIT; seeks federal infrastructure funds. He concluded there is renewed interest in RBIT because federal money for infrastructure may become available.

[1:56:39 PM](#)

REPRESENTATIVE HANNAN asked whether transmission lines can be buried.

MR. DUHAMEL advised there are many methods that would be studied; however, in Alaska, power utilities prefer above ground lines because of permafrost and winter maintenance. The technology to bury transmission lines is available and has been used in the Lower 48.

CO-CHAIR TARR referred to forthcoming changes to the existing Railbelt grid and asked whether RBIT and the Railbelt would be integrated into "a statewide plan" or whether the grid would thereby become too big to maximize efficiencies.

MR. DUHAMEL restated a bigger grid is better; however, it is necessary to have an entity managing the power to obtain the lowest cost and he gave an example.

CO-CHAIR TARR asked if there are geographic limitations to transmitting power.

MR. DUHAMEL acknowledged a very large grid has minimal line loss. Further, the volume of kilowatt hour use is more important than the number of customers to affect economy of scale.

REPRESENTATIVE SPOHNHOLZ asked for clarification of the project's connection to the Railbelt system.

MR. DUHAMEL further explained the Railbelt loop would be from Delta to Fairbanks to Palmer to Sutton; the RBIT loop would continue from Sutton back to Delta.

[2:06:29 PM](#)

CO-CHAIR TARR opened public testimony on HJR 10.

[2:06:37 PM](#)

CRYSTAL ENKVIST, Executive Director, Alaska Power Association (APA), informed the committee APA is the statewide electric utility trade association. She expressed APA's strong support for an electric transmission infrastructure. The transmission line project proposed by the Copper Valley Electric Association and others would connect to the Railbelt transmission grid and would increase Alaska's electric system reliability, allow for

the integration of sources of renewable energy, provide an alternate route for power, and create economic opportunities in the greater Copper Valley region. Ms. Enkvist said APA supports RBIT and analysis of transmission infrastructure options.

[2:08:33 PM](#)

CO-CHAIR TARR, after ascertaining no one further wished to testify, closed public testimony.

HJR 10 was held over.

HB 16-LOCAL FOOD PROCUREMENT; LABELING

[2:08:59 PM](#)

CO-CHAIR TARR announced the final order of business would be HOUSE BILL NO. 16, "An Act relating to the Alaska Food, Drug, and Cosmetic Act; and relating to the sale of milk, milk products, raw milk, and raw milk products."

[Before the committee was the sponsor substitute (SS) for HB 16, introduced and referred to the House Resources Standing Committee on 3/20/19.]

[2:09:42 PM](#)

CO-CHAIR TARR opened public testimony.

[2:10:01 PM](#)

ART GRISWOLD, Golden Heart Dairies, said his two sons have a raw milk dairy that distributes in the Fairbanks area over one-half ton per week. Mr. Griswold expressed his support for the bill which clarifies membership and herd-share programs. Golden Heart Dairies has approximately 30 head [of cows] and seeks to expand to a 100-head dairy with a Grade A program. He said financing is difficult for the dairy industry and urged the committee to support "the program."

REPRESENTATIVE RAUSCHER asked for the location of [Golden Heart Dairies].

MR. GRISWOLD said Delta Junction.

REPRESENTATIVE HANNAN asked for a description of a Grade A dairy program.

MR. GRISWOLD said to become a Grade A dairy Golden Heart Dairies would have to construct a creamery and have Grade A inspections made on the barns and the dairy. In further response to Representative Hannan, he said the dairy would still sell raw milk, but to enter the Grade A dairy and retail market, the dairy needs a pasteurization plant.

CO-CHAIR TARR inquired as to the amount of investment needed for the growth of the dairy.

MR. GRISWOLD said the creamery equipment costs \$700,000; the barns and the new creamery will cost \$1.4 million. Financing is difficult although a portion could be federal loan programs.

REPRESENTATIVE TUCK asked how a creamery would affect the production of the dairy.

MR. GRISWOLD advised the investment in a creamery would triple the dairy's output of milk.

[2:16:53 PM](#)

JOHN ANDERSON disclosed he is a member of the Board of Agriculture and Conservation, Division of Agriculture, DNR, and was speaking on his own behalf in support of the bill. Mr. Anderson said the bill would solidify the market for raw milk products thereby helping producers in the state and keeping hundreds of thousands of dollars in Alaska. For example, farmers spend thousands of dollars on feed and supply. He cautioned about other issues such as "the M.ovi issue" and [the lack of] access to farm insurance.

REPRESENTATIVE HANNAN asked whether Mr. Anderson carries farm insurance for his products.

MR. ANDERSON said no. Country Financial is the only farm insurance company in Alaska and if one sells raw milk products it will not issue insurance.

REPRESENTATIVE HANNAN surmised farm insurance is limited because raw milk is available through herd sharing. She clarified her question:

Maybe you could help [explain the problem] by just expanding on what the need for increased farm insurance coverage is for.

MR. ANDERSON explained when farmers sell products at a farmers market, the farmers market venue requires liability insurance.

CO-CHAIR TARR added the bill has a very limited scope and does not relate to retail or farmers market sales.

[2:22:54 PM](#)

REPRESENTATIVE SPOHNHOLZ concluded the bill would not allow sales at farmers markets; however, a farmer could market a cow share program.

CO-CHAIR TARR stated a farmer can provide information about a herd share program, but no sales are allowed at farmers' markets.

[2:23:45 PM](#)

AMY SEITZ, Executive Director, Alaska Farm Bureau, Inc., informed the committee the Alaska Farm Bureau promotes expanding economic opportunities for farmers and ranchers in Alaska. In Alaska, 95 percent of purchased food is imported, and it is important to foster continued growth in agriculture. The proposed bill takes steps, such as security for herd share programs by allowing access to expanded products, improved food security, and keeping food dollars in the state. Ms. Seitz urged the committee to support passage of the bill.

[2:25:16 PM](#)

SUZY CROSBY, spokesperson, Cottonwood Creek Farm, expressed her support for HB 16. She said the bill would protect "herd share" from changes made by a state official, and includes the sale of value-added products in the definition of herd share. She referred to a legal opinion that if a person has a right to drink raw milk, they have the right to have the milk made into products. Also, there are three benefits to broadening the term herd share to include value-added products: producers can utilize a surplus of milk by making chevre; consumers have more locally made products available; the state's "closed loop scenario" between producer and consumer remains intact.

[2:29:31 PM](#)

COURTNEY MUNSON said she consumes raw milk and participates in a herd share program. She expressed her support for the bill

because raw milk and raw milk products are important for the health of her family. In addition, the bill supports local food security, the food economy, and a close connection with the food supply.

[2:32:05 PM](#)

LESLIE TOMPKINS said she has members in a herd share of goats and cows. She expressed support of the "new language" in the bill and of previous testimony related to value-added products.

[2:33:41 PM](#)

GIANA THOMAS said she is in support of HB 16. As a herd share owner, the bill recognizes her rights, and also helps support food security. Alaska has only one public dairy and if there are no longer third-party inspections, all dairies will herd share. Ms. Thomas explained why pasteurization is necessary for very large dairies; however, small farm dairies know their animals and procedures. Ms. Thomas further explained she has a goat herd and seeks to offer a herd share in sheep; however, sheep are seasonal milkers and to offer a year-around herd share, she needs to include sheep cheese. She pointed out sheep milk and sheep cheese would be a valuable niche market for Alaska.

REPRESENTATIVE RAUSCHER asked for the price of a gallon of raw milk.

MS. THOMAS said the true cost is approximately \$10 per gallon. In further response to Representative Rauscher, she explained she has a one-seventh share and picks up one gallon per week from a goat that weighs approximately 150 pounds; a cow would give 8-10 gallons per day depending on the feed and the cow's condition. The number of shares depends on how one manages the milk and milk products, and she provided examples.

[2:40:55 PM](#)

CANDY BATES said she is in support of the bill. She said she has a calf operation and has dairy cows. She said she has concerns about insurance and need the support of the legislature to grow agriculture and livestock [industries] in the state.

REPRESENTATIVE HANNAN asked Ms. Bates for the number of her shareholders and how many cows are milked.

MS. BATES said she has a feedstock operation that breeds cows and has 35 milk cows. Her farm produces cows to sell to local homesteaders for hand-milking by their owners.

REPRESENTATIVE HANNAN questioned whether some farms have meat shares.

MS. BATES said others do, but she sells beef by a quarter or one-half. Her involvement with milk cows is to produce better genetics for the cows in Alaska. In response to Representative Rauscher, she said a milk cow costs \$2,500-\$3,500.

[2:45:08 PM](#)

PETE KENNEDY, attorney, Weston A. Price Foundation, said he agreed with testimony from Ms. Crosby related to the benefits to the state: more food dollars in the state from value-added products and more opportunities for farmers. He noted value-added products have a better safety record than does fluid milk.

REPRESENTATIVE HANNAN asked Dr. Gerlach how many herd shares operate in the state.

[2:47:14 PM](#)

ROBERT GERLACH, VMD, State Veterinarian, Office of the State Veterinarian, Division of Environmental Health, Department of Environmental Conservation, informed the committee the Office of State Veterinarian does not keep a record of the number of herd share operators or of the number of farms in the state. He has heard there may be one or two dozen in the Matanuska-Susitna valley and more in the Interior.

REPRESENTATIVE HANNAN questioned whether Alaska has only one commercial dairy licensed to sell retail products.

DR. GERLACH said correct. Havemeister Dairy has a permit for a dairy farm and for a pasteurization plant; another facility has a permit to supply blow molding milk containers for the dairy.

REPRESENTATIVE HANNAN inquired as to how to bring the state's raw milk and cheese into full commercial retail operations across Alaska.

DR. GERLACH advised current state regulations prohibit the distribution or sale of raw milk to consumers. State regulations do not prohibit an individual from consuming raw

milk, or from consuming raw milk acquired by owning a portion of an animal through a "share operation." Dr. Gerlach pointed out 18 AAC 32.010 allows the consumption of raw milk by the owner of an animal for that person's personal use, but does not permit the processing of that milk into products for distribution to owners.

REPRESENTATIVE RAUSCHER asked for the precautions that are necessary related to raw milk.

DR. GERLACH said raw milk is considered a high-risk product for foodborne pathogens for two reasons: cattle and goats can shed pathogens directly into the milk and the environment where the milk is harvested, and where the animal lives, can contribute to pathogens being transferred into the milk. He said national studies have found 12 percent of milk collected from Grade A dairies and raw milk dairies contain pathogenic bacteria. The state milk program inspects farms to ensure animals are healthy and monitors the transfer of milk to the processing plant; if the raw milk has a higher bacterial count the milk is not processed. In addition, the state lab tests for the presence of adulterants such as antibiotics.

MS. THOMAS corrected her previous testimony that the cost of milk [from her herd share] is \$10 per half gallon.

[2:54:57 PM](#)

CO-CHAIR TARR, after ascertaining no one further wished to testify, closed public testimony on HB 16. She noted the bill will create small business opportunities for farms and dairies and freedom for consumers; her personal experience is that the [herd share] animals are well cared for.

REPRESENTATIVE HANNAN observed there were dairies in Anchorage and Southeast Alaska not so long ago; she expressed her support for the expansion of the dairy and agricultural industries whenever possible.

[2:59:46 PM](#)

REPRESENTATIVE TALERICO moved to report SSHB 16, Version 31-LS0215\U, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, SSHB 16 was reported from the House Resources Standing Committee.

[3:01:50 PM](#)

ADJOURNMENT

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