

SENATE CS FOR CS FOR HOUSE BILL NO. 298(CRA) am S

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - SECOND SESSION

BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Amended: 5/16/22

Offered: 5/13/22

Sponsor(s): REPRESENTATIVES SNYDER, Tarr, Rauscher, Vance, Drummond, Tuck, Hopkins, Gillham, Cronk, McCabe, Story, Johnson, Josephson

SENATORS Hughes, Holland, Micciche, Reinbold, Gray-Jackson, Costello, Shower, Stevens, Kawasaki, Revak

A BILL

FOR AN ACT ENTITLED

1 **"An Act establishing forgivable loan programs for farm development and improvement**
2 **and for certain meat processing facilities; relating to a program of state inspection for**
3 **certain meat processing facilities; establishing the Alaska Food Strategy Task Force;**
4 **and providing for an effective date."**

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
7 to read:

8 LEGISLATIVE INTENT. It is the intent of the legislature to establish the Alaska
9 Food Strategy Task Force to

- 10 (1) develop a comprehensive statewide food strategy;
11 (2) strengthen the state's diverse food systems;
12 (3) improve food security for all residents of the state; and
13 (4) grow the local food economies of the state.

14 **** Sec. 2.** AS 03.20 is amended by adding new sections to read:

1 **Article 3. Forgivable Loan Programs for Farm Development and Improvement and**
 2 **Meat Processing Facilities.**

3 **Sec. 03.20.200. Forgivable loan program for farm development and**
 4 **improvement.** (a) The division of the department with responsibility for agriculture
 5 shall establish a forgivable loan program in regulation, under which a recipient's loan
 6 may be forgiven by the department if the recipient implements a business plan
 7 approved by the department to develop or make improvements to the recipient's farm
 8 as described in (d) of this section. A loan may be used by a recipient to fund
 9 investments in agriculture to build resiliency in the state's food supply. The forgivable
 10 loan program must allow a loan to be forgiven if the recipient implements the
 11 approved business plan and demonstrates a subsequent increase in food production
 12 and distribution.

13 (b) In administering the forgivable loan program established under (a) of this
 14 section, the department

15 (1) shall develop criteria for awarding a forgivable loan and a process
 16 for applying for a forgivable loan that includes requiring

17 (A) a forgivable loan applicant to submit a business plan that
 18 provides

19 (i) how the applicant will meet the criteria required by
 20 the department to approve a forgivable loan under this section;

21 (ii) a timeline for the applicant to meet the upgrades,
 22 construction, or expansion funded by the forgivable loan; and

23 (B) the department to

24 (i) approve an applicant's business plan before awarding
 25 a forgivable loan;

26 (ii) visit an applicant's farm, facility, or other site that
 27 would receive funding under a forgivable loan made under this section;

28 (2) shall require a recipient of a forgivable loan to report to the
 29 department on the use of forgivable loan funds;

30 (3) may make forgivable loans of up to \$150,000 to an applicant for
 31 eligible farm development and improvement expenses approved by the department;

1 (4) shall, subject to appropriation, make the program available to
2 applicants annually until all available funds have been distributed.

3 (c) A business plan approved by the department under (b)(1)(B)(i) of this
4 section may be amended upon approval of the department.

5 (d) Expenses eligible for a loan under this section include expenses relating to

6 (1) clearing of land for agricultural purposes; and

7 (2) the purchase, building, installation, maintenance, or improvement
8 of

9 (A) irrigation, drainage, and other water management systems;

10 (B) fencing, trellising, barns, greenhouses, or other farm
11 buildings or structures;

12 (C) agricultural processing and farm equipment, including
13 milking and pasteurization equipment;

14 (D) livestock, feed, seeds, fertilizer, and seasonal extension
15 equipment; and

16 (E) bees and beekeeping equipment.

17 (e) A forgivable loan recipient must repay to the fund any money not spent
18 from a forgivable loan received under this section. Forgivable loan funds used for
19 expenses that are not eligible under (d) of this section or that are not accounted for in a
20 recipient's business plan approved by the department under (b) of this section must
21 also be repaid to the fund. Any money repaid by a forgivable loan recipient shall be
22 deposited into the general fund.

23 **Sec. 03.20.210. Forgivable loan program for meat processing facilities.** (a)

24 The department shall establish a forgivable loan program in regulation, under which a
25 recipient's loan may be forgiven by the department if the recipient implements a
26 business plan approved by the department and begins processing meat, or increases the
27 quantity of meat processed, in the recipient's facility. A loan may be used by a
28 recipient to fund the expansion of a facility that operates under a program of federal
29 inspection that plans to increase processing of meat from animals raised in the state.
30 The forgivable loan program must allow a loan to be forgiven if the recipient
31 implements the approved business plan and demonstrates a subsequent increase in

1 food production and distribution.

2 (b) In administering the forgivable loan program established under (a) of this
3 section, the department

4 (1) shall develop criteria for awarding a forgivable loan and a process
5 for applying for a forgivable loan that includes requiring

6 (A) a forgivable loan applicant to submit a business plan that
7 provides

8 (i) how the applicant will meet the criteria required by
9 the department to approve a forgivable loan under this section;

10 (ii) a timeline for the applicant to meet the upgrades,
11 construction, or expansion funded by the forgivable loan; and

12 (B) the department to

13 (i) approve an applicant's business plan before awarding
14 a forgivable loan;

15 (ii) visit an applicant's facility or the site of a facility
16 proposed by an applicant to be upgraded, constructed, or expanded with
17 forgivable loan funds;

18 (2) shall award forgivable loans preferentially to support facilities that
19 prioritize seasonally feasible processing of meat from animals raised in the state; and

20 (3) shall require a recipient of a forgivable loan to report to the
21 department on the use of forgivable loan funds;

22 (4) may make forgivable loans of up to \$250,000 to an applicant
23 whose business plan is approved under this subsection for eligible expenses approved
24 by the department;

25 (5) shall, subject to appropriation, make the program available to
26 applicants annually until all available funds have been distributed.

27 (c) A recipient of a forgivable loan made under this section may use
28 forgivable loan funds for costs related to activity described in (a) of this section that
29 are approved by the department, including costs of technical assistance and the
30 purchase of equipment.

31 (d) The department may charge an administrative fee to the recipient of a

1 forgivable loan made under this section to cover the department's costs of
2 administering the forgivable loan program. The department

3 (1) shall deduct the fee from the forgivable loan funds provided to the
4 recipient; and

5 (2) may not charge a recipient more than three percent of the amount
6 of a forgivable loan made to the recipient applicant under this section.

7 (e) The meat processing facilities forgivable loan fund is established in the
8 department and consists of appropriations to the fund. Appropriations to the fund do
9 not lapse.

10 (f) A business plan approved by the department under (b)(1)(B)(i) of this
11 section may be amended upon approval of the department.

12 (g) A forgivable loan recipient must repay to the fund any money not spent
13 from a forgivable loan received under this section. Forgivable loan funds used for
14 expenses that are not eligible under (a) of this section or that are not accounted for in a
15 recipient's business plan approved by the department under (b) of this section must
16 also be repaid to the fund. Any money repaid by a forgivable loan recipient shall be
17 deposited into the general fund.

18 * **Sec. 3.** AS 17.20.005 is amended to read:

19 **Sec. 17.20.005. Powers and duties of commissioner.** To carry out the
20 requirements of this chapter, the commissioner may issue orders, regulations, permits,
21 quarantines, and embargoes relating to

22 (1) food offered to the public or sold, **subject to AS 17.20.017,**
23 including

24 (A) inspection of meat, fish, poultry, and other food products;

25 (B) standards of sanitation and handling methods for all phases
26 of slaughtering, processing, storing, transporting, displaying, and selling;

27 (C) labeling; and

28 (D) the training, testing, and certification requirements for
29 individuals who handle or prepare food, their supervisors, and their employers
30 to ensure their knowledge of food safety and sanitation principles and
31 requirements;

- 1 (2) control and eradication of pests;
- 2 (3) enforcement of hazard analysis critical control point programs for
3 seafood processing that are developed in cooperation with appropriate industry
4 representatives or, to the extent not inconsistent with this chapter or regulations
5 adopted under the authority of this chapter, that are established by regulations of the
6 United States Food and Drug Administration as they may periodically be revised;
- 7 (4) labeling, subject to AS 17.20.013, and grading of milk and milk
8 products and standards of sanitation for dairies offering to the public or selling milk or
9 milk products to at least the minimum of current recommendations of the United
10 States Public Health Service pasteurized milk ordinance as it may periodically be
11 revised;
- 12 (5) standards and conditions for the operation and siting of aquatic
13 farms and related hatcheries, including
- 14 (A) restrictions on the use of chemicals; and
15 (B) requirements to protect the public from contaminated
16 aquatic farm products that pose a risk to health;
- 17 (6) monitoring aquatic farms and aquatic farm products to ensure
18 compliance with this chapter and, to the extent not inconsistent with this chapter or
19 regulations adopted under the authority of this chapter, with the requirements of the
20 national shellfish sanitation program manual of operations published by the United
21 States Food and Drug Administration as it may periodically be revised;
- 22 (7) tests and analyses that may be made and hearings that may be held
23 to determine whether the commissioner will issue a stop order or quarantine;
- 24 (8) transportation of, use of, disposal of, recalls of, or warnings
25 concerning quarantined or embargoed items;
- 26 (9) cooperation with federal and other state agencies.

27 * **Sec. 4.** AS 17.20 is amended by adding new sections to read:

28 **Sec. 17.20.017. Inspection of processed meat products.** (a) The department
29 may adopt regulations to establish a program of state inspection for the processing and
30 sale of meat products, including meat products from amenable species.

31 (b) The department may administer and enforce regulations adopted under (a)

1 of this section for a program of state inspection for the processing and sale of meat
 2 products from amenable species only if the program is approved by the federal
 3 government.

4 (c) Regulations adopted by the department under this section must impose
 5 requirements that are not less stringent than the requirements imposed under 21 U.S.C.
 6 601 - 695 (Federal Meat Inspection Act) and 7 U.S.C. 1901 - 1907 (Humane Methods
 7 of Slaughter Act).

8 (d) Subject to (b) of this section, and except as provided in (e) of this section,
 9 if the department adopts regulations to establish a program of state inspection for the
 10 processing and sale of meat products, the department shall

11 (1) license facilities that process meat products for sale to the public;

12 (2) adopt license requirements and fees for facilities that process meat
 13 products for sale to the public; and

14 (3) use officers and employees of the department to inspect facilities
 15 that are licensed under this subsection.

16 (e) The department may not establish, administer, or enforce a program of
 17 inspection under this section for facilities that process meat products from equines.

18 (f) In this section,

19 (1) "amenable species" has the meaning given in 21 U.S.C. 601(w);

20 (2) "equine" means a member of the family Equidae.

21 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
 22 read:

23 ALASKA FOOD STRATEGY TASK FORCE. (a) The Alaska Food Strategy Task
 24 Force is created in the legislative branch.

25 (b) The executive board of the task force consists of nine members as follows:

26 (1) two members from the Alaska Food Policy Council selected by the
 27 governing board of the Alaska Food Policy Council;

28 (2) one member from the Institute of Social and Economic Research at the
 29 University of Alaska Anchorage selected by the Board of Regents;

30 (3) one member from the Alaska Farm Bureau selected by the governing
 31 board of the Alaska Farm Bureau;

1 (4) one member from the Alaska Industrial Development and Export
2 Authority selected by the members of the authority; and

3 (5) four members of the Alaska State Legislature appointed as follows:

4 (A) one member from the minority caucus of the senate and one
5 member from the majority caucus of the senate, appointed jointly by the president of
6 the senate and speaker of the house of representatives;

7 (B) one member from the minority caucus of the house of
8 representatives and one member from the majority caucus of the house of
9 representatives, appointed jointly by the president of the senate and speaker of the
10 house of representatives.

11 (c) The following commissioners, or their designees, serve as members of the task
12 force:

13 (1) the commissioner of natural resources;

14 (2) the commissioner of fish and game;

15 (3) the commissioner of health and social services;

16 (4) the commissioner of commerce, community, and economic development;

17 (5) the commissioner of education and early development; and

18 (6) the commissioner of transportation and public facilities.

19 (d) The remainder of the task force consists of 21 members selected by the executive
20 board, with due regard for broad geographic representation of the state, as follows:

21 (1) one member from a mariculture development organization;

22 (2) one member from an agricultural development organization;

23 (3) one member from a fisheries-related organization;

24 (4) one member from a local food marketing organization;

25 (5) one member from a hunger and nutrition organization;

26 (6) one member from an economic development organization;

27 (7) one member from the food distribution or transportation industry;

28 (8) two members from Alaska Native or intertribal organizations addressing
29 food sovereignty or Alaska tribal governments;

30 (9) two members who are food producers in the state;

31 (10) two members from the food service industry;

1 (11) one youth member from the Alaska Future Farmers of America
2 Association or the Alaska 4-H Program;

3 (12) one member who is a faculty member at the University of Alaska
4 Anchorage;

5 (13) one member who is a faculty member at the University of Alaska
6 Fairbanks;

7 (14) one member who is a faculty member at the University of Alaska
8 Southeast;

9 (15) one member who is a faculty member at the Alaska Pacific University;
10 and

11 (16) three members selected to provide additional expertise in food system
12 development.

13 (e) The executive board of the task force shall select members to provide expertise in
14 key areas of food system activity, including production, security, and economic, social, and
15 environmental drivers. In this subsection,

16 (1) "production" includes growing and harvesting, food processing,
17 packaging, distribution, retail, and consumption and waste management;

18 (2) "security" includes food access, availability, and use.

19 (f) The executive board of the task force shall select a chair and vice-chair from the
20 executive board.

21 (g) Members of the task force serve without compensation and may not receive travel
22 and per diem expenses.

23 (h) The task force shall meet during and between legislative sessions to accomplish its
24 duties. Meetings shall be conducted, and notice of regular meetings provided, under
25 AS 44.62.310 - 44.62.319 (Open Meetings Act). Records of the Alaska Food Strategy Task
26 Force are subject to inspection and copying as public records under AS 40.25.100 - 40.25.295
27 (Alaska Public Records Act).

28 (i) The executive board may remove a member of the task force if the member misses
29 more than two meetings in a calendar year without being previously excused or if the member
30 does not contribute in a meaningful way to the activities of the task force. Vacancies on the
31 task force shall be filled in the same manner as the original selection.

1 (j) The task force shall present state policy, legislation, and strategy implementation
2 recommendations in the following seven integrated focus areas:

- 3 (1) sustainably growing the agriculture industry;
- 4 (2) sustainably growing markets for locally grown, locally harvested, and
5 locally processed foods;
- 6 (3) enhancing the climate for food and beverage processing or distribution
7 businesses;
- 8 (4) minimizing food waste and diverting it from the waste stream;
- 9 (5) improving connectivity, efficiencies, and outcomes in state-run programs
10 affecting food availability and access;
- 11 (6) ensuring food security in all communities in the state, including those that
12 are and are not connected to the main road system of the state; and
- 13 (7) improving transportation and infrastructure to transfer and deliver food in
14 the state.

15 (k) The task force shall, in its consideration of the seven integrated focus areas under
16 (j) of this section, address, at a minimum, the following elements:

- 17 (1) public, nonprofit, and private investment and infrastructure;
- 18 (2) regulatory issues;
- 19 (3) research and development needs;
- 20 (4) environmental changes;
- 21 (5) workforce development needs;
- 22 (6) infrastructure needs and storage;
- 23 (7) high food costs and food access;
- 24 (8) food safety;
- 25 (9) varying scales of food system and storage development;
- 26 (10) innovative technologies for the Circumpolar North;
- 27 (11) adaptation of successful food system policies, models, and programs
28 across the Circumpolar North and other states;
- 29 (12) Alaska tribal relations as they pertain to food security, food sovereignty,
30 and local storage methods; and
- 31 (13) emergency preparedness.

1 (l) The task force shall establish advisory committees focused on addressing each of
 2 the seven integrated focus areas under (j) of this section and the minimum elements under (k)
 3 of this section, and each task force member shall serve on one or more of these committees.

4 (m) The task force shall present recommendations for metrics appropriate for
 5 evaluating food system effects and food security outcomes.

6 (n) The recommendations of the task force must be

- 7 (1) evidence based;
- 8 (2) stakeholder informed;
- 9 (3) economically sound;
- 10 (4) environmentally sustainable; and
- 11 (5) equally accessible.

12 (o) The task force shall develop and present recommendations in three of the
 13 integrated focus areas under (j) of this section by August 1, 2023, and recommendations in the
 14 remaining integrated focus areas under (j) of this section by August 1, 2024. The task force
 15 shall compile the recommendations into a report and submit the report to the governor, the
 16 senate secretary, and the chief clerk of the house of representatives and notify the legislature
 17 that the report is available.

18 (p) The task force shall continue the efforts of and review and, when applicable,
 19 implement the recommendations of the Alaska Food Security and Independence Task Force
 20 established by Administrative Order No. 331.

21 * **Sec. 6.** The uncodified law of the State of Alaska enacted in sec. 5(c) of this Act is
 22 amended to read:

23 (c) The following commissioners, or their designees, serve as members of the task
 24 force:

- 25 (1) the commissioner of natural resources;
- 26 (2) the commissioner of fish and game;
- 27 (3) the commissioner of health [AND SOCIAL SERVICES];
- 28 (4) the commissioner of commerce, community, and economic development;
- 29 (5) the commissioner of education and early development; and
- 30 (6) the commissioner of transportation and public facilities.

31 * **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to

1 read:

2 TRANSITION. The Alaska Food Strategy Task Force created under sec. 5 of this Act
3 shall begin work not later than 30 days after both the senate and the house of representatives
4 have organized in the First Regular Session of the Thirty-Third Alaska State Legislature.

5 * **Sec. 8.** The uncodified law of the State of Alaska is amended by adding a new section to
6 read:

7 TRANSITION: REGULATIONS. The Department of Natural Resources shall adopt
8 regulations necessary to implement AS 03.20.200 and 03.20.210, enacted by sec. 2 of this
9 Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not
10 before the effective date of the law implemented by the regulation.

11 * **Sec. 9.** Sections 1, 5, and 6 of this Act are repealed June 30, 2025.

12 * **Sec. 10.** Sections 2 - 4 and 6 of this Act take effect July 1, 2022.

13 * **Sec. 11.** Except as provided in sec. 10 of this Act, this Act takes effect immediately under
14 AS 01.10.070(c).