

SENATE CS FOR CS FOR HOUSE BILL NO. 251(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - SECOND SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered: 5/11/24

Referred: Rules

Sponsor(s): REPRESENTATIVES RAUSCHER, Wright, Armstrong, Mears, Vance, Tomaszewski, Josephson

SENATORS Myers, Hughes, Bjorkman, Shower

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the Board of Agriculture and Conservation; relating to loans and**
2 **limitations under the Alaska Agricultural Loan Act; exempting certain foods and drinks**
3 **prepared in an uninspected kitchen from state labeling, licensing, packaging, permitting,**
4 **and inspection requirements; permitting a person to acquire meat from a producer by**
5 **way of an ownership share in an animal if certain conditions are met; and providing for**
6 **an effective date."**

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

8 * **Section 1.** AS 03.09.030 is amended to read:

9 **Sec. 03.09.030. Quorum. Four** [FIVE] members of the Board of Agriculture
10 and Conservation constitute a quorum for the transaction of business or the exercise of
11 a power or function at a meeting of the board.

12 * **Sec. 2.** AS 03.10.020(a) is amended to read:

13 (a) The Board of Agriculture and Conservation (AS 03.09.010) may

1 (1) make a loan to

2 (A) an individual resident farmer, homesteader, or a partnership
3 or corporation composed of farmers and homesteaders for

4 (i) clearing land for agricultural purposes;

5 (ii) development of farms;

6 (iii) storage and processing of farm produce; [OR]

7 (iv) the purchase of livestock or machinery;

8 **(v) in-state manufacturing of food or production of**
9 **animal feed; or**

10 **(vi) the cost of shipping to and within the state for**
11 **the purposes listed in (i) - (v) of this subparagraph;**

12 (B) an individual state resident, or a partnership or corporation
13 for

14 (i) storage and processing plants for agricultural
15 products;

16 (ii) the commercial production or processing of
17 horticultural products in the state;

18 (iii) the commercial production or processing of animal
19 feed in the state; [OR]

20 (iv) the raising or care of animals in the state for the
21 purpose of marketing their fur;

22 **(v) in-state manufacturing of food or production of**
23 **animal feed; or**

24 **(vi) the cost of shipping to and within the state for**
25 **the purposes listed in (i) - (v) of this subparagraph;**

26 (2) designate agents and delegate its powers to them as necessary;

27 (3) adopt regulations necessary to carry out its functions, including
28 regulations to establish reasonable fees for services provided and charges for
29 collecting the fees;

30 (4) establish amortization plans for repayment of loans, which may
31 include delayed payments of principal and interest for not to exceed five years;

1 (5) enter into agreements with private lending institutions, other state
2 agencies, or agencies of the federal government to carry out the purposes of this
3 chapter;

4 (6) collect the fees and collection charges established under this
5 subsection;

6 **(7) refinance a debt obligation incurred by a borrower under this**
7 **section or through another lender for a purpose authorized under (1) of this**
8 **subsection if the borrower otherwise qualifies for a loan under AS 03.10.010 -**
9 **03.10.060.**

10 * **Sec. 3.** AS 03.10.030(a) is amended to read:

11 (a) A [THE] farm development, chattel, or irrigation loan made under this
12 chapter

13 (1) may not exceed a term of 30 years, except that a chattel loan may
14 not exceed a term of seven years;

15 (2) may not, when added to the outstanding balance of other loans
16 made under this chapter, exceed a total outstanding balance of **\$3,000,000, adjusted**
17 **annually for inflation on July 1 of each year based on the percentage increase in**
18 **the Consumer Price Index for all urban consumers for urban Alaska during the**
19 **previous calendar year, as determined by the United States Department of**
20 **Labor, Bureau of Labor Statistics** [\$1,000,000];

21 (3) shall be secured by a real estate or chattel mortgage of any priority,
22 except that the portion of a loan that exceeds \$500,000, when added to prior
23 indebtedness that is secured by the same property, must be secured by a first
24 mortgage;

25 (4) shall bear interest at a fixed rate comparable to that charged by
26 other agricultural lending institutions in the state for loans similar to those referred to
27 in this subsection.

28 * **Sec. 4.** AS 03.10.030(c) is amended to read:

29 (c) A short-term loan, to be amortized within one year, not to exceed, **for**
30 **[\$350,000 TO] any one borrower, an amount set by the Board of Agriculture and**
31 **Conservation in regulation,** may be made for operating purposes, except that a loan

1 made under this subsection may not exceed **\$500,000** [\$200,000] unless the loan is
 2 made to a borrower in a farm disaster area declared under AS 03.10.058. The loan
 3 shall bear interest at a fixed rate comparable to that charged by other agricultural
 4 lending institutions in the state for loans similar to those referred to in this subsection.
 5 An applicant for a short-term loan may be required to purchase insurance through the
 6 Federal Crop Insurance Act (7 U.S.C. 1501 - 1520) as a condition of the loan. The
 7 term of a loan made under this subsection may be extended for up to three years by the
 8 Board of Agriculture and Conservation, in the discretion of the board, upon
 9 application by the borrower.

10 * **Sec. 5.** AS 03.10.030(f) is amended to read:

11 (f) A farm product processing loan may not exceed **\$500,000** [\$250,000]. A
 12 mortgage that secures a farm product processing loan may be of any priority if the
 13 total indebtedness on the real estate, including the secured farm product processing
 14 loan, does not exceed **\$500,000** [\$250,000]. A farm product processing loan that, if
 15 made, would raise the existing indebtedness on the real estate securing the loan above
 16 **\$500,000** [\$250,000], or a farm product processing loan on real estate that has a prior
 17 indebtedness of **\$500,000** [\$250,000] or more, may be made only if all prior
 18 mortgagees agree to subordinate their mortgages to that of the state for the amount of
 19 the farm product processing loan that exceeds the **\$500,000** [\$250,000] indebtedness
 20 limit on the real estate. A farm product processing loan may not exceed a term of 30
 21 years or bear interest at a rate that is less than a fixed rate comparable to that charged
 22 by other agricultural lending institutions in the state for similar loans, and shall be
 23 secured by a real estate or chattel mortgage or both.

24 * **Sec. 6.** AS 03.10.030(g) is amended to read:

25 (g) A loan for clearing land may not

26 (1) exceed **an amount set by the Board of Agriculture and**
 27 **Conservation in regulation** [\$250,000];

28 (2) bear interest at a rate that is less than a fixed rate comparable to
 29 that charged by other agricultural lending institutions in the state for similar loans;

30 (3) have a term in excess of 20 years; or

31 (4) be made for clearing land other than land that has been classified

1 by the United States Department of Agriculture, Natural Resources Conservation
 2 Service, under the Land Capability Classification System as having agricultural
 3 potential for the production of annual crops or hay [,] or for pasture.

4 * **Sec. 7.** AS 17.20 is amended by adding new sections to read:

5 **Article 7A. Homemade Food; Animal Shares.**

6 **Sec. 17.20.332. Exemption for homemade food.** (a) Except as otherwise
 7 provided in AS 17.20.332 - 17.20.338, a homemade food produced, sold, and
 8 consumed in compliance with this section is exempt from state labeling, licensing,
 9 packaging, permitting, and inspection requirements.

10 (b) The sale of a homemade food under this section

11 (1) is only for personal consumption;

12 (2) must occur in the state at a farmers' market, an agricultural fair, a
 13 farm, a ranch, the producer's home or office, the retail location of a third-party seller,
 14 or a location agreed on between the producer and the buyer; and

15 (3) may not involve

16 (A) interstate commerce; or

17 (B) the purchase or sale of

18 (i) meat or meat products, except as provided in (h) of
 19 this section;

20 (ii) seafood;

21 (iii) a controlled substance;

22 (iv) oil rendered from animal fat; or

23 (v) game meat.

24 (c) Except for raw, unprocessed fruits and vegetables, a homemade food may
 25 not be sold or used in a commercial food establishment.

26 (d) A homemade food may be sold from a retail space located at a ranch, farm,
 27 or home where the homemade food is produced or at a retail location of a third-party
 28 seller. A retail space selling a homemade food shall prominently display a sign
 29 indicating that the homemade food was made in a home kitchen, may contain
 30 allergens, and is not, except for meat and meat products permitted under (h) of this
 31 section, regulated or inspected. A homemade food for sale at a retail location or

1 grocery store may not be displayed or offered for sale on the same shelf or display as
2 inspected food. If a retail space selling a potentially hazardous homemade food is in
3 any way associated with a commercial food establishment or offers for sale any
4 inspected food, the retail space shall

5 (1) maintain physical separation from the commercial food
6 establishment with a separate door and separate cash register or point of sale;

7 (2) display signs or other markings clearly indicating which separate
8 spaces offer inspected foods and which offer uninspected foods and meat and meat
9 products permitted under (h) of this section for sale;

10 (3) maintain separate coolers, freezers, warehouses, or other storage
11 areas to prohibit the intermingling of inspected foods with uninspected foods and meat
12 and meat products permitted under (h) of this section; and

13 (4) comply with any other requirements specified by the Department of
14 Environmental Conservation relating to homemade food.

15 (e) A homemade food packaged for individual sale must be clearly and
16 prominently labeled with

17 (1) the producer's name, current address, telephone number, and, if
18 applicable, the producer's business license number; and

19 (2) the statement: "This food was made in a home kitchen, is not
20 regulated or inspected, except for meat and meat products, and may contain allergens."

21 (f) The seller of a potentially hazardous homemade food, except eggs, must
22 also be the producer of the homemade food. The seller of eggs or a homemade food
23 that is not a potentially hazardous homemade food may be the producer of the item, an
24 agent of the producer, or a third-party vendor, including a retail shop or grocery store,
25 as long as the sale is made in compliance with this section and all applicable federal
26 and local laws.

27 (g) Before a sale of an unpackaged homemade food under this section, a
28 producer or third-party seller

29 (1) shall inform the buyer that the unpackaged homemade food was
30 prepared in accordance with AS 17.20.332 - 17.20.338 and is not subject to certain
31 state certification, labeling, licensing, packaging, regulation, or inspection

1 requirements; and

2 (2) provide the buyer with the producer's name, current address,
3 telephone number, and, if applicable, the producer's business license number.

4 (h) Subject to the requirements of federal law, a person may prepare and sell
5 meat, meat products, and homemade food containing meat or meat products under this
6 section.

7 **Sec. 17.20.334. Animal shares.** (a) A person may acquire meat from a
8 producer by way of an ownership interest in the animal or herd from which the meat
9 originated if

10 (1) the meat is

11 (A) delivered directly from the farm or ranch where the animal
12 or herd subject to the person's ownership interest is located; and

13 (B) received by or on behalf of the person with an ownership
14 interest in the animal from which the meat originated;

15 (2) the person's ownership of the animal or herd is established before
16 slaughter;

17 (3) when providing the meat to a person, the producer includes with
18 the meat, or on a label attached to the packaging of the meat, a clearly visible warning
19 that the meat has not been inspected; and

20 (4) the producer provides the person information describing the health
21 of the animal or herd and the meat processing standards of the producer's farm or
22 ranch.

23 (b) A producer or a person designated by a producer may deliver meat to a
24 person at a farm, ranch, farmers' market, home, office, or other location agreed on
25 between the producer and the person.

26 (c) For a person to have an ownership interest in an animal or herd under this
27 section, the person's ownership interest must be documented in a written contract
28 between the person and a producer that includes

29 (1) a bill of sale demonstrating the person's ownership interest in the
30 animal or herd;

31 (2) a boarding provision under which the person boards the animal or

1 herd with the producer for care and processing; and

2 (3) a provision entitling the person to receive a share of meat from the
3 animal or herd.

4 (d) Meat received by an owner of an animal or herd by way of the person's
5 ownership interest under this section may not be sold, donated, or commercially
6 redistributed.

7 (e) A person may not publish a statement that implies that the Department of
8 Environmental Conservation approves or endorses an animal or herd share program or
9 the acquisition of meat under this section.

10 **Sec. 17.20.336. Exceptions.** Nothing in AS 17.20.332 - 17.20.338

11 (1) prevents the Department of Environmental Conservation from

12 (A) conducting inspections necessary to investigate reports of

13 (i) foodborne illness or food-caused injury or death;

14 (ii) unsafe sanitary practices; or

15 (iii) misbranded or adulterated food;

16 (B) condemning and ordering the destruction of misbranded or
17 adulterated food;

18 (C) regulating food or an establishment that is not exempt
19 under AS 17.20.332 - 17.20.338; or

20 (D) providing assistance, consultation, or inspection at the
21 request of a producer;

22 (2) exempts a person from

23 (A) applicable federal and local laws, regulations, and
24 ordinances regarding food; or

25 (B) brand inspection requirements under AS 03.40.250 or
26 animal inspection requirements under AS 03.05.040.

27 **Sec. 17.20.338. Definitions.** In AS 17.20.332 - 17.20.338,

28 (1) "agricultural fair" means a fair, the major focus of which is
29 displays, exhibitions, demonstrations, contests, or promotions of agricultural concern
30 to the region in which the fair is located;

31 (2) "commercial food establishment" means the premises where an

1 activity related to the display, packaging, preparation, processing, sale, salvaging,
2 service, storage, transportation, or vending of food for human consumption that is not
3 exempt under AS 17.20.332 - 17.20.338 occurs; "commercial food establishment"
4 does not include a kitchen in a private dwelling, or a kitchen in a vessel used solely as
5 a private dwelling, where homemade food is prepared only for personal consumption;

6 (3) "controlled substance" has the meaning given in AS 11.71.900;

7 (4) "farmers' market" means a common facility or area where several
8 vendors may gather on a regular and recurring basis to sell fresh fruits and vegetables,
9 locally grown farm products, and other agricultural products and items directly to
10 buyers;

11 (5) "game meat" means the flesh and organs of animals that are not
12 classified as meat in 9 C.F.R. 301.2 or as poultry in 9 C.F.R. 381.1(b);

13 (6) "homemade food" means a food or drink that is prepared or
14 processed in

15 (A) a producer's private home kitchen; or

16 (B) a private or commercial kitchen leased to a producer;

17 (7) "meat" means the flesh, muscles, organs, tissues, skin, sinew,
18 nerves, blood vessels, and bones of cattle, sheep, swine, equine, or goats;

19 (8) "molluscan shellfish" means all edible species of oyster, clam,
20 mussel, and scallop, whether shucked or in the shell, fresh or frozen, and in whole or
21 in part; "molluscan shellfish" does not include the shucked scallop adductor muscle;

22 (9) "personal consumption" means the use or ingestion of food by a
23 buyer, an employee of the buyer, or a nonpaying guest of the buyer of homemade
24 food;

25 (10) "potentially hazardous homemade food" means food or drink that
26 requires time or temperature control for safety to limit pathogenic microorganism
27 growth or toxin formation;

28 (11) "producer" means a person who grows, harvests, prepares,
29 processes, or makes and packages meat or homemade food on the person's owned or
30 leased property;

31 (12) "seafood" includes saltwater fish, freshwater fish, amphibians,

1 crustaceans, molluscan shellfish, any other species of aquatic animal intended for
2 human consumption, and parts or byproducts of any species of aquatic animal
3 intended for human consumption; "seafood" does not include aquatic plants, birds, or
4 mammals.

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 Board of Agriculture and Conservation and the
8 Department of Natural Resources may adopt regulations necessary to implement the changes
9 made by this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act)
10 but not before the effective date of the law implemented by the regulation.

11 * **Sec. 9.** Sections 1, 3, 5, and 8 of this Act take effect immediately under AS 01.10.070(c).

12 * **Sec. 10.** Section 7 of this Act takes effect July 1, 2024.

13 * **Sec. 11.** Sections 2, 4, and 6 of this Act take effect July 1, 2025.