

HOUSE BILL NO. 296

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - SECOND SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/26/24

Referred: Resources, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the powers of the board of agriculture and conservation; relating to
2 loans and limitations under the Alaska Agricultural Loan Act; relating to federal crop
3 insurance contributions; relating to municipal and state procurement preferences for
4 agricultural products harvested in the state and fisheries products harvested or
5 processed in the state; and providing for an effective date."

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

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

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

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

12 (a) The Board of Agriculture and Conservation (AS 03.09.010) may
13 (1) make a loan to

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

3 (i) clearing land for agricultural purposes;

4 (ii) development of farms;

5 (iii) storage and processing of farm produce; or

6 (iv) the purchase of livestock or machinery;

7 (B) an individual state resident, or a partnership or corporation
8 for

9 (i) storage and processing plants for agricultural
10 products;

11 (ii) the commercial production or processing of
12 horticultural products in the state;

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

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

17 **(v) shipping costs to and within the state;**

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

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

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

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

27 (6) collect the fees and collection charges established under this
28 subsection;

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

03.10.060.

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

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

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

(2) may not, when added to the outstanding balance of other loans made under this chapter, exceed **the maximum loan amount permitted for any borrower established by the Board of Agriculture and Conservation in regulation** [A TOTAL OUTSTANDING BALANCE OF \$1,000,000];

(3) shall be secured by a **first priority** real estate or chattel mortgage [OF ANY PRIORITY, EXCEPT THAT THE PORTION OF A LOAN THAT EXCEEDS \$500,000, WHEN ADDED TO PRIOR INDEBTEDNESS THAT IS SECURED BY THE SAME PROPERTY, MUST BE SECURED BY A FIRST MORTGAGE];

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

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

(c) A short-term loan, to be amortized within one year, not to exceed **an amount set by the Board of Agriculture and Conservation in regulation** [\$350,000] to any one borrower, may be made for operating purposes, except that a loan made under this subsection may not exceed **\$500,000** [\$200,000] unless the loan is made to a borrower in a farm disaster area declared under AS 03.10.058. The loan shall bear interest at a fixed rate comparable to that charged by other agricultural lending institutions in the state for loans similar to those referred to in this subsection. An applicant for a short-term loan may be required to purchase insurance through the Federal Crop Insurance Act (7 U.S.C. 1501 - 1520) as a condition of the loan. The term of a loan made under this subsection may be extended for up to three years by the Board of Agriculture and Conservation, in the discretion of the board, upon application by the borrower.

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

2 (f) A farm product processing loan may not exceed **\$500,000** [\$250,000]. A
 3 mortgage that secures a farm product processing loan may be of any priority if the
 4 total indebtedness on the real estate, including the secured farm product processing
 5 loan, does not exceed **\$500,000** [\$250,000]. A farm product processing loan that, if
 6 made, would raise the existing indebtedness on the real estate securing the loan above
 7 **\$500,000** [\$250,000], or a farm product processing loan on real estate that has a prior
 8 indebtedness of **\$500,000** [\$250,000] or more, may be made only if all prior
 9 mortgagees agree to subordinate their mortgages to that of the state for the amount of
 10 the farm product processing loan that exceeds the **\$500,000** [\$250,000] indebtedness
 11 limit on the real estate. A farm product processing loan may not exceed a term of 30
 12 years or bear interest at a rate that is less than a fixed rate comparable to that charged
 13 by other agricultural lending institutions in the state for similar loans, and shall be
 14 secured by a real estate or chattel mortgage or both.

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

16 (g) A loan for clearing land may not

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

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

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

22 (4) be made for clearing land other than land that has been classified
 23 by the United States Department of Agriculture, Natural Resources Conservation
 24 Service, under the Land Capability Classification System as having agricultural
 25 potential for the production of annual crops or hay, or for pasture.

26 * **Sec. 7.** AS 03.13.030 is repealed and reenacted to read:

27 **Sec. 03.13.030. State contribution; limitation.** Except as provided in
 28 AS 03.13.040(b), the state shall pay a percentage of the covered producer's revenue
 29 protection policy premium, as calculated by the corporation, equivalent to the amount
 30 required to obtain

31 (1) 85 percent revenue protection for the first two policy years;

- 1 (2) 80 percent revenue protection for the third policy year;
 2 (3) 75 percent revenue protection for the fourth policy year; and
 3 (4) if a producer purchases a minimum of 55 percent revenue
 4 protection coverage, 70 percent revenue protection for the fifth policy year and any
 5 future year.

6 * **Sec. 8.** AS 03.13.040(b) is amended to read:

7 (b) If for any year the amount appropriated is insufficient to fully fund the
 8 contribution required by AS 03.13.030 [AS 03.13.020], the department shall allocate
 9 funds on a first come basis.

10 * **Sec. 9.** AS 03.13 is amended by adding a new section to read:

11 **Sec. 03.13.045. Regulations.** The department may adopt regulations under
 12 AS 44.62 (Administrative Procedure Act) to carry out this chapter, including
 13 regulations to establish reasonable fees for services provided by the department.

14 * **Sec. 10.** AS 03.13.050 is amended by adding a new paragraph to read:

15 (2) "revenue protection" has the meaning given in 7 C.F.R. 457.8.

16 * **Sec. 11.** AS 29.71.040(a) is amended to read:

17 (a) If a municipality that receives state money seeks to purchase an
 18 agricultural product and an agricultural product harvested in the state is available that
 19 is of like quality compared with a similar agricultural product harvested outside the
 20 state, the municipality

21 [(1)] shall purchase the product harvested in the state [IF THE
 22 PRODUCT IS PRICED NOT MORE THAN SEVEN PERCENT ABOVE THE
 23 SIMILAR PRODUCT HARVESTED OUTSIDE THE STATE];

24 (2) MAY PURCHASE THE PRODUCT HARVESTED IN THE
 25 STATE ONLY IF THE PRODUCT IS PRICED NOT MORE THAN 15 PERCENT
 26 ABOVE THE SIMILAR PRODUCT HARVESTED OUTSIDE THE STATE].

27 * **Sec. 12.** AS 29.71.040(a), as amended by sec. 11 of this Act, is amended to read:

28 (a) If a municipality that receives state money seeks to purchase an
 29 agricultural product and an agricultural product harvested in the state is available that
 30 is of like quality compared with a similar agricultural product harvested outside the
 31 state, the municipality

1 **(1)** shall purchase the product harvested in the state **if the product is**
 2 **priced not more than seven percent above the similar product harvested outside**
 3 **the state;**

4 **(2)** may purchase the product harvested in the state only if the
 5 **product is priced not more than 15 percent above the similar product harvested**
 6 **outside the state.**

7 * **Sec. 13.** AS 29.71.040(b) is amended to read:

8 (b) If a municipality that receives state money seeks to purchase a fisheries
 9 product and a fisheries product harvested or processed within the jurisdiction of the
 10 state is available that is of like quality compared with a similar fisheries product
 11 harvested or processed outside the jurisdiction of the state, the municipality

12 [(1)] shall purchase the product harvested or processed within the
 13 jurisdiction of the state [IF THE PRODUCT IS PRICED NOT MORE THAN SEVEN
 14 PERCENT ABOVE THE SIMILAR PRODUCT HARVESTED OR PROCESSED
 15 OUTSIDE THE JURISDICTION OF THE STATE;

16 (2) MAY PURCHASE THE PRODUCT HARVESTED OR
 17 PROCESSED IN THE JURISDICTION OF THE STATE ONLY IF THE PRODUCT
 18 IS PRICED NOT MORE THAN 15 PERCENT ABOVE THE PRODUCT
 19 HARVESTED OR PROCESSED OUTSIDE THE JURISDICTION OF THE
 20 STATE].

21 * **Sec. 14.** AS 29.71.040(b), as amended by sec. 13 of this Act, is amended to read:

22 (b) If a municipality that receives state money seeks to purchase a fisheries
 23 product and a fisheries product harvested or processed within the jurisdiction of the
 24 state is available that is of like quality compared with a similar fisheries product
 25 harvested or processed outside the jurisdiction of the state, the municipality

26 **(1)** shall purchase the product harvested or processed within the
 27 jurisdiction of the state **if the product is priced not more than seven percent above**
 28 **the similar product harvested or processed outside the jurisdiction of the state;**

29 **(2)** may purchase the product harvested or processed in the
 30 **jurisdiction of the state only if the product is priced not more than 15 percent**
 31 **above the product harvested or processed outside the jurisdiction of the state.**

1 * **Sec. 15.** AS 29.71.040(c) is amended to read:

2 (c) A solicitation by a municipality for the purchase of agricultural or fisheries
3 products must include written notice of the purchase requirements and limitations
4 under (a) and (b) of this section and specify that agricultural products harvested in the
5 state and fisheries products harvested or processed within the jurisdiction of the state
6 will be used where possible, subject to the limitations under (a) and (b) of this section.

7 **A seller of agricultural or fisheries products shall submit an accurate copy of the**
8 **seller's current wholesale pricing list in the seller's response to a solicitation.**

9 **Submission of inaccurate pricing information may be cause for debarment under**
10 **AS 36.30.640 or civil penalties under AS 36.30.930.** If a municipality that receives

11 state money purchases agricultural products harvested outside the state or fisheries
12 products harvested or processed outside the jurisdiction of the state, the municipal
13 officer responsible for the purchase shall certify in writing the reasons that agricultural
14 products harvested in the state or fisheries products harvested or processed within the
15 jurisdiction of the state were not purchased.

16 * **Sec. 16.** AS 29.71.040(c), as amended by sec. 15 of this Act, is amended to read:

17 (c) A solicitation by a municipality for the purchase of agricultural or fisheries
18 products must include written notice of the purchase requirements and limitations
19 under (a) and (b) of this section and specify that agricultural products harvested in the
20 state and fisheries products harvested or processed within the jurisdiction of the state
21 will be used where possible, subject to the limitations under (a) and (b) of this section.

22 [A SELLER OF AGRICULTURAL OR FISHERIES PRODUCTS SHALL SUBMIT
23 AN ACCURATE COPY OF THE SELLER'S CURRENT WHOLESAL PRICING
24 LIST IN THE SELLER'S RESPONSE TO A SOLICITATION. SUBMISSION OF
25 INACCURATE PRICING INFORMATION MAY BE CAUSE FOR DEBARMENT
26 UNDER AS 36.30.640 OR CIVIL PENALTIES UNDER AS 36.30.930.] If a

27 municipality that receives state money purchases agricultural products harvested
28 outside the state or fisheries products harvested or processed outside the jurisdiction of
29 the state, the municipal officer responsible for the purchase shall certify in writing the
30 reasons that agricultural products harvested in the state or fisheries products harvested
31 or processed within the jurisdiction of the state were not purchased.

1 * **Sec. 17.** AS 36.15.050(a) is amended to read:

2 (a) When agricultural products are purchased by the state or by a school
3 district that receives state money, **and an agricultural product harvested in the**
4 **state is available that is of like quality compared with a similar agricultural**
5 **product harvested outside the state, the state or school district shall purchase the**
6 **product** [A PREFERENCE NOT LESS THAN SEVEN PERCENT NOR MORE
7 THAN 15 PERCENT SHALL BE APPLIED TO THE PRICE OF PRODUCTS]
8 harvested in the state.

9 * **Sec. 18.** AS 36.15.050(a), as amended by sec. 17 of this Act, is amended to read:

10 (a) When agricultural products are purchased by the state or by a school
11 district that receives state money, **a preference not less than seven percent nor more**
12 **than 15 percent shall be applied to the price of products** [AND AN
13 AGRICULTURAL PRODUCT HARVESTED IN THE STATE IS AVAILABLE
14 THAT IS OF LIKE QUALITY COMPARED WITH A SIMILAR AGRICULTURAL
15 PRODUCT HARVESTED OUTSIDE THE STATE, THE STATE OR SCHOOL
16 DISTRICT SHALL PURCHASE THE PRODUCT] harvested in the state.

17 * **Sec. 19.** AS 36.15.050(b) is amended to read:

18 (b) When fisheries products are purchased by the state or by a school district
19 that receives state money, **and a fisheries product harvested or processed within**
20 **the jurisdiction of the state is available that is of like quality compared with a**
21 **similar fisheries product harvested or processed outside the jurisdiction of the**
22 **state, the state or school district shall purchase the product** [A PREFERENCE
23 NOT LESS THAN SEVEN PERCENT NOR MORE THAN 15 PERCENT SHALL
24 BE APPLIED TO THE PRICE OF PRODUCTS] harvested or processed within the
25 jurisdiction of the state.

26 * **Sec. 20.** AS 36.15.050(b), as amended by sec. 19 of this Act, is amended to read:

27 (b) When fisheries products are purchased by the state or by a school district
28 that receives state money, **a preference not less than seven percent nor more than**
29 **15 percent shall be applied to the price of products** [AND A FISHERIES
30 PRODUCT HARVESTED OR PROCESSED WITHIN THE JURISDICTION OF
31 THE STATE IS AVAILABLE THAT IS OF LIKE QUALITY COMPARED WITH

1 A SIMILAR FISHERIES PRODUCT HARVESTED OR PROCESSED OUTSIDE
 2 THE JURISDICTION OF THE STATE, THE STATE OR SCHOOL DISTRICT
 3 SHALL PURCHASE THE PRODUCT] harvested or processed within the jurisdiction
 4 of the state.

5 * **Sec. 21.** AS 36.15.050(c) is amended to read:

6 (c) A solicitation for the purchase of agricultural or fisheries products must
 7 include written notice of the preferences under (a) and (b) of this section and specify
 8 that agricultural products harvested in the state and fisheries products harvested or
 9 processed within the jurisdiction of the state will be used where possible. **A seller of**
 10 **agricultural or fisheries products shall submit an accurate copy of the seller's**
 11 **current wholesale pricing list in the seller's response to a solicitation. Submission**
 12 **of inaccurate pricing information may be cause for debarment under**
 13 **AS 36.30.640 or civil penalties under AS 36.30.930.** If the state or a school district
 14 that receives state money purchases agricultural products harvested outside the state or
 15 fisheries products harvested or processed outside the jurisdiction of the state, the
 16 officer responsible for the purchase shall certify in writing the reasons that agricultural
 17 products harvested in the state or fisheries products harvested or processed within the
 18 jurisdiction of the state were not purchased.

19 * **Sec. 22.** AS 36.15.050(c), as amended by sec. 21 of this Act, is amended to read:

20 (c) A solicitation for the purchase of agricultural or fisheries products must
 21 include written notice of the preferences under (a) and (b) of this section and specify
 22 that agricultural products harvested in the state and fisheries products harvested or
 23 processed within the jurisdiction of the state will be used where possible. [A SELLER
 24 OF AGRICULTURAL OR FISHERIES PRODUCTS SHALL SUBMIT AN
 25 ACCURATE COPY OF THE SELLER'S CURRENT WHOLESALE PRICING LIST
 26 IN THE SELLER'S RESPONSE TO A SOLICITATION. SUBMISSION OF
 27 INACCURATE PRICING INFORMATION MAY BE CAUSE FOR DEBARMENT
 28 UNDER AS 36.30.640 OR CIVIL PENALTIES UNDER AS 36.30.930.] If the state
 29 or a school district that receives state money purchases agricultural products harvested
 30 outside the state or fisheries products harvested or processed outside the jurisdiction of
 31 the state, the officer responsible for the purchase shall certify in writing the reasons

1 that agricultural products harvested in the state or fisheries products harvested or
2 processed within the jurisdiction of the state were not purchased.

3 * **Sec. 23.** AS 03.13.020 is repealed.

4 * **Sec. 24.** The uncodified law of the State of Alaska is amended by adding a new section to
5 read:

6 REPORT TO THE LEGISLATURE. Not later than the 30th legislative day of the
7 First Regular Session of the Thirty-Fourth Alaska State Legislature, the Department of
8 Administration, with the assistance of the Department of Commerce, Community, and
9 Economic Development, shall prepare and present to the legislative committees having
10 jurisdiction over procurement an annual report evaluating the procurement preferences
11 established under AS 29.71.040(a) and (b), as amended by secs. 11 and 13 of this Act, and
12 AS 36.15.050(a) and (b), as amended by secs. 17 and 19 of this Act. The report must include

13 (1) annual data and year-over-year comparisons of

14 (A) the total value of Alaska products purchased;

15 (B) the type of products purchased, including raw or value-added
16 products and the amount purchased by volume or units;

17 (C) the number of Alaska businesses participating; and

18 (D) the number of Alaska businesses with sales to institutional buyers,
19 including state agencies, school districts, or local governments; and

20 (2) a recommendation from the Department of Administration, with input
21 from the Department of Commerce, Community, and Economic Development, addressing
22 whether to extend the changes made by secs. 11, 13, 15, 17, 19, and 21 of this Act.

23 * **Sec. 25.** The uncodified law of the State of Alaska is amended by adding a new section to
24 read:

25 TRANSITION: PENDING SOLICITATIONS FOR PROCUREMENTS AND
26 CONTRACTS. (a) AS 29.71.040(a) - (c), as amended by secs. 11, 13, and 15 of this Act, and
27 AS 36.15.050(a) - (c), as amended by secs. 17, 19, and 21 of this Act, do not apply to

28 (1) solicitations for procurement and the resulting contracts if the solicitations
29 are pending on the effective date of those sections and if the invitation to bid or other
30 solicitation was issued before the effective date of those sections; and

31 (2) procurement contracts entered into before the effective date of those

1 sections, including extensions or amendments of those contracts.

2 (b) Notwithstanding (a) of this section, AS 29.71.040(a) - (c), as amended by secs. 11,
3 13, and 15 of this Act, and AS 36.15.050(a) - (c), as amended by secs. 17, 19, and 21 of this
4 Act, may apply to procurements or contracts described in (a)(1) of this section if all parties to
5 the procurement or contract agree in writing that the provisions apply to the solicitation or
6 contract.

7 * **Sec. 26.** The uncodified law of the State of Alaska is amended by adding a new section to
8 read:

9 TRANSITION: REGULATIONS. The Board of Agriculture and Conservation and the
10 Department of Natural Resources may proceed to adopt regulations necessary to implement
11 the changes made by secs. 2 - 10 and 23 of this Act. The regulations take effect under
12 AS 44.62 (Administrative Procedure Act) but not before the effective date of the law
13 implemented by the regulations.

14 * **Sec. 27.** Sections 1 and 26 of this Act take effect immediately under AS 01.10.070(c).

15 * **Sec. 28.** Sections 11, 13, 15, 17, 19, and 21 of this Act take effect July 1, 2024.

16 * **Sec. 29.** Sections 2 - 10 and 23 of this Act take effect July 1, 2025.

17 * **Sec. 30.** Section 12, 14, 16, 18, 20, and 22 of this Act take effect June 30, 2029.