

Fiscal Note

State of Alaska
2024 Legislative Session

Bill Version:	CSSB 211(L&C)
Fiscal Note Number:	4
(S) Publish Date:	4/30/2024

Identifier: SB211-DNR-AGR-04-08-24
 Title: AGRICULTURAL PRODUCTS/LOANS/SALES
 Sponsor: RLS BY REQUEST OF THE GOVERNOR
 Requester: (S) L&C

Department: Department of Natural Resources
 Appropriation: Agriculture
 Allocation: Agricultural Development
 OMB Component Number: 455

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2025	Included in	Out-Year Cost Estimates					
	Appropriation Requested	Governor's FY2025 Request	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
OPERATING EXPENDITURES	FY 2025	FY 2025	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Personal Services	107.0		107.0	107.0	107.0	107.0	107.0	107.0
Travel	1.2		1.2	1.2	1.2	1.2	1.2	1.2
Services	20.0		10.0	10.0	10.0	10.0	10.0	10.0
Commodities	5.0		1.0	1.0	1.0	1.0	1.0	1.0
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	133.2	0.0	119.2	119.2	119.2	119.2	119.2	119.2

Fund Source (Operating Only)

1005 GF/Prgm (DGF)	133.2		119.2	119.2	119.2	119.2	119.2	119.2
Total	133.2	0.0	119.2	119.2	119.2	119.2	119.2	119.2

Positions

Full-time	1.0		1.0	1.0	1.0	1.0	1.0	1.0
Part-time								
Temporary								

Change in Revenues

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2024) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2025) cost: 1,000.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? 0
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? **Yes**
 If yes, by what date are the regulations to be adopted, amended or repealed? **05/01/25**

Why this fiscal note differs from previous version/comments:

The capital cost has been reduced from \$2,000.0 to \$1,000. Funding source changed from 1004 Gen Fund (UGF) to 1005 GF/Prgm (DGF). This position will be 100% funded with the Agriculture Revolving Loan Fund. Analysis on page 2 has been revised to reflect these revisions.

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Division:	Agriculture	Date:	01/11/2024 03:30 PM
Approved By:	Theresa Cross, Administrative Services Director	Date:	04/08/24
Agency:	Department of Natural Resources		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2024 LEGISLATIVE SESSION

Analysis

This proposed legislation includes four key provisions to support agriculture in Alaska. (1) changes the quorum for the Board of Agriculture from five to four. This will help the seven member, all volunteer, board operate more effectively; (2) expands the type of activities the Agriculture Revolving Loan Fund (ARLF) can issue loans for and replaces statutory loan caps with maximums to be set in regulation by the Board; (3) institutes a State contribution toward farmers' federal crop insurance premiums and allows the Division to write regulations for the new contribution program; (4) implements a five-year expansion of the in-state agriculture and fisheries products preferences required when municipalities, State entities, and school districts, that receive State money, make purchases.

The Division anticipates additional applications from a broader range of farmers and producers interested in borrowing from the ARLF. The additional demand is unknown at this time. While the Board of Agriculture reviews and approves ARLF loan applications, the Division administers the loans and ensures compliance and will revise regulations to effectuate the changes in the proposed legislation.

The Division would need to develop regulations to effectuate the bill provisions related to the Federal Crop Insurance Corporation state contributions. The regulations would define a process for farmers to apply for the State contribution; to verify eligibility as Alaska farmers; and for the State to pay its contribution annually to the federal government. The Division will also need to enter into a memorandum of understanding with the U.S. Department of Agriculture's Risk Management Unit. The Division would annually accept applications from farmers; verify their eligibility; communicate eligible applicants to the U.S. Department of Agriculture; and receive and pay a bill to the federal government covering the State's contribution.

The Division of Agriculture will require one new position to implement the legislation: a Loan Collection Officer 1, along with travel and other associated costs to support this position. This position would be funded by ARLF as allowed under statute. Commodities are updated to reflect start-up and onboarding costs.

Operating Expenditures:**Personal Services \$107.0**

One Permanent Full-Time Loan Collection Officer 1, Range 16, \$107.0

Travel \$1.2

Estimated at \$1.2 per year to complete borrower farm visits.

Services \$20.0

\$10.0 in FY25 only to RSA to the Department of Law for costs associated with entering a memorandum of understanding with the federal government for the crop insurance program; \$10.0 FY25 and annually going forward for associated position costs, including to RSA funds to the Department of Law for ongoing legal support and retain contractual services.

Commodities \$5.0

Estimated startup position costs of \$5.0 in FY25 and approximately \$1.0 annually in subsequent years for associated technology, equipment, and office supplies.

Estimated Capital FY25 \$1,000.0

The Division seeks a \$1 million one-time capital appropriation that is expected to fund the Federal Crop Insurance Corporation state contributions for five years, considering current production and eligibility.