

Offered: 4/30/85
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE SENATE BY THE RESOURCES COMMITTEE
2 HOUSE CS FOR CS FOR SENATE BILL NO. 120 (Resources)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - FIRST SESSION
5 A BILL
6 For an Act entitled: "An Act relating to agriculture; and providing for an
7 effective date."
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
9 * Section 1. AS 03.05.010 is amended to read:
10 Sec. 03.05.010. POWERS AND DUTIES OF COMMISSIONER OF NATURAL
11 RESOURCES. (a) The commissioner of natural resources shall
12 (1) direct, administer, and supervise promotional and
13 experimental work, extension services, and agricultural projects for
14 the purpose of promoting and developing the agricultural industry
15 within the state including such fields as horticulture, dairying,
16 cattle raising, fur farming, grain production, vegetable production,
17 and development of other agricultural products;
18 (2) procure and preserve all information pertaining to the
19 development of the agricultural industry and disseminate that informa-
20 tion to the public;
21 (3) assist prospective settlers and others desiring to
22 engage in the agricultural industry in the state with information
23 concerning areas suitable for agriculture and other activities and
24 programs essential to the development of the agricultural industry in
25 the state;
26 (4) review the marketing, financing, and development of
27 agricultural products inside the state including transportation, with
28 special emphasis upon local production, and negotiate for the market-
29 ing of agricultural products of the state with federal and state

1 agencies operating in the state; [AND]

2 (5) regulate and control the entry into the state and the
3 transportation, sale or use inside the state of plants, seeds, vegeta-
4 bles, fruits and berries, nursery stock, shell eggs, animal feeds,
5 remedies and mineral supplements, fertilizers, and agricultural chemi-
6 cals in order to prevent the spread of pests, diseases, or toxic
7 substances injurious to the public interest, and to protect the ag-
8 ricultural industry against fraud, deception and misrepresentation; in
9 this connection the commissioner may require registration, inspection,
10 and testing, and establish procedures and fees;

11 (6) assist in the establishment of commodity marketing
12 associations, and adopt regulations to implement this paragraph.

13 (b) To carry out the requirements of this title, the commis-
14 sioner of natural resources may issue orders, regulations, quaran-
15 tines, and embargoes relating to

16 (1) examination and inspection of premises containing
17 products, articles, and commodities carrying pests;

18 (2) establishment of quarantines for eradication of pests;

19 (3) establishment of standards and labeling requirements
20 pertaining to the sale of agricultural and vegetable seeds and pro-
21 cessed feeds;

22 (4) tests and analyses that [WHICH] may be made and hear-
23 ings that [WHICH] may be held to determine whether the commissioner
24 will issue a stop order or quarantine;

25 (5) cooperation with federal and other state agencies;

26 (6) licensing, bonding, inspection, and auditing of records
27 of public grain, grass, and legume storage or processing facilities.

28 * Sec. 2. AS 03.10.030(a) is amended to read:

29 (a) The farm development or [,] chattel [, OR IRRIGATION] loan

1 made under this chapter

2 (1) may not exceed a term of 30 years, except that a chat-
3 tel loan may not exceed a term of seven years unless the agricultural
4 revolving loan board determines that a longer term is in the best
5 interest of the state and would promote the purposes of this chapter
6 in which case, if the borrower is current in any existing agricultural
7 loan, an existing chattel loan may be combined with and amortized over
8 the same period as an existing farm development loan, or a chattel
9 loan may be extended beyond a seven-year term if the loan is secured
10 by additional real property as collateral:

11 (2) may not, when added to the outstanding balance of other
12 loans made under this chapter, exceed a total outstanding balance of
13 \$1,000,000 except that the total outstanding balance may be increased
14 up to 50 percent if the borrower has held a loan under this chapter
15 for at least two years and receives written approval under conditions
16 and standards established by the agricultural revolving loan board:

17 (3) shall be secured by a real estate or chattel mortgage
18 of any priority, except that the portion of a loan that exceeds
19 \$500,000, when added to prior indebtedness that is secured by the same
20 property, must be secured by a first mortgage;

21 (4) shall bear interest

22 (A) on that portion of the loan below \$1,000,000, at a
23 rate that may not be less than eight percent or more than the
24 commercial rate, unless the commercial rate is eight percent or
25 less; in this paragraph "commercial rate" means the prevailing
26 rate of interest at private lending institutions in the state for
27 loans similar to those referred to in this subsection;

28 (B) on that portion of the loan above \$1,000,000, at a
29 rate that may not be less than the prime rate prevailing at the

1 time of the loan; in this paragraph. "prime rate" means the prime
2 rate of interest normally charged at private lending institutions
3 in the state on the day the contract or loan commitment was made.

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

5 (c) A short term loan, to be amortized within one year, not to
6 exceed \$350,000 to any one borrower may be made for operating pur-
7 poses, except that a loan made under this subsection may not exceed
8 \$200,000 unless the loan is made to a borrower in a farm disaster area
9 declared under AS 03.10.058. The short-term loan limits may be in-
10 creased up to 50 percent if the borrower has held a loan under this
11 chapter for at least two years and receives written approval under
12 conditions and standards established by the agricultural revolving
13 loan board. An applicant for a short term loan may be required to
14 purchase insurance through the Federal Crop Insurance Act (7 U.S.C.
15 1501 - 1520) as a condition of the loan. The term of a loan made
16 under this subsection may be extended for up to three years by the
17 agricultural revolving loan fund board, in the discretion of the
18 board, upon application by the borrower. An existing short-term loan
19 may be combined with and amortized over the same time period as an
20 existing farm development loan if the agricultural revolving loan fund
21 board determines that the combination is in the best interest of the
22 state and promotes the purposes of this chapter.

23 * Sec. 4. AS 03.10.040 is amended to read:

24 Sec. 03.10.040. CREATION OF FUND. There is an agricultural
25 revolving loan fund, which may [SHALL] not exceed \$100,000,000,
26 [\$75,000,000] to carry out the purpose of this chapter.

27 * Sec. 5. AS 03.10.050(b) is amended to read:

28 (b) The board is composed of seven [FIVE] members appointed by
29 the governor and confirmed by the legislature in joint session. Three

1 members must [SHALL] be persons with background and experience in
2 Alaska agriculture and one additional member must be a person with
3 background and experience in Alaska horticulture. Members of the
4 board serve for overlapping three-year terms. Members of the board
5 are not entitled to receive compensation for their services, but are
6 entitled to [SHALL] receive the same travel pay and per diem as pro-
7 vided by law for boards and commissions.

8 * Sec. 6. AS 03.57.020 is amended to read:

9 Sec. 03.57.020. BOND REQUIRED. Each dealer is required to
10 obtain and file with the director of the division of agriculture of
11 the Department of Natural Resources a bond in the amount of \$25,000
12 [\$5,000]. The bond shall be conditioned on the faithful performance
13 of the legal duties of the dealer as set out in this chapter and the
14 payment for vegetables purchased by the dealer. The bond is payable
15 to the person injured to the extent of the damages. The aggregate
16 liability of the surety for all breaches of the conditions of the bond
17 may not [SHALL, IN NO EVENT,] exceed the amount of the bond. The
18 surety may cancel the bond upon giving 30 days' notice in writing to
19 the director, and after that is [THEREAFTER SHALL BE] relieved of any
20 liability for a breach of condition occurring after the effective date
21 of cancellation.

22 * Sec. 7. AS 36 is amended by adding a new chapter to read:

23 CHAPTER 16. PREFERENTIAL USE OF ALASKA AGRICULTURAL PRODUCTS.

24 Sec. 36.16.010. USE OF LOCAL AGRICULTURAL PRODUCTS REQUIRED IN
25 PURCHASES WITH STATE MONEY. In the purchase of agricultural products
26 financed by state money, only agricultural products originating in
27 this state may be used whenever competitively priced, available, and
28 of like quality compared with agricultural products originating out-
29 side the state.

1 Sec. 36.16.020. INSERTION OF CLAUSE IN CALLS FOR BIDS AND IN
2 CONTRACTS. A clause containing the substance of AS 36.16.010 must be
3 inserted in all calls for bids and in all contracts awarded that
4 involve agricultural products.

5 Sec. 36.16.030. INSPECTION CERTIFICATE. Before purchase by the
6 state, an agricultural product originating in this state must receive
7 an inspection certificate from the commissioner of natural resources
8 under AS 03.05.010 or the commissioner of environmental conservation
9 under AS 03.05.011.

10 * Sec. 8. AS 38.09.050(a) is amended to read:

11 (a) The commissioner shall issue a patent to homestead entry
12 land if the permit holder

13 (1) resides and lives on the homestead entry land for not
14 less than 25 months within five years after the issuance of the home-
15 stead entry permit;

16 (2) completes an approved survey of the land within two
17 years after the issuance of the permit or under AS 38.09.040(b);

18 (3) erects a habitable, permanent dwelling on the homestead
19 within three years after the issuance of the homestead entry permit;

20 (4) brushes the boundaries of the land within 90 days after
21 the issuance of the permit;

22 (5) clears and either puts into production or prepares for
23 cultivation either 25 percent of the land classified for agricultural
24 use or 50 percent of the suitable agricultural land, consisting of
25 [HAVING] class II, or III soils, whichever is more [LESS], within five
26 years after issuance of the permit.

27 * Sec. 9. Sections 1 - 4 and 7 of this Act take effect July 1, 1985.

28 * Sec. 10. Section 5 of this Act takes effect immediately in accordance
29 with AS 01.10.070(c).