

COMMITTEE REPORT

HOUSE

FURTHER:

5/15/81

(11)

Date: May 16, 1981

Mr. Speaker:

The Committee on FINANCE has had HB 456

"An Act relating to agriculture; and providing for an effective date."

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 456 (F.O.) same title
 new title
- and recommends do pass
- AND attaches a "Letter of Intent" New Fiscal Note (2)
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

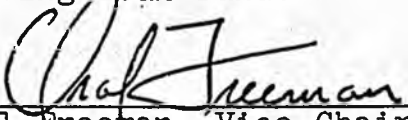
[Signature]
CHAIRMAN

HOUSE JOURNAL

HOUSE FINANCE COMMITTEE

LETTER OF INTENT
FOR
CSHB 456 (FINANCE)

It is the intent of the legislature that the costs of clearing agricultural land be financed by farm development loans from the agricultural revolving loan fund.


Oral Freeman, Vice-Chairman
House Finance Committee

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS HB 456 (Finance)
 Title An Act relating to agriculture
 Requested by House Finance Date May 16, 1981

II. FISCAL DETAIL

Agency Affected Department of Natural Resources
 Program Category Affected Development
 BRU, Program, or Subprogram(s) Affected Agricultural Management/Agricultural Development
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		74.8	78.8	82.0	86.0	90.0
200 TRAVEL		5.0	6.0	6.0	6.5	7.0
300 CONTRACTUAL		5.0	5.0	5.0	5.0	5.0
400 COMMODITIES		1.6	1.6	1.8	1.8	2.0
500 EQUIPMENT		5.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		91.4	90.4	94.8	99.3	104.0

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
ARL Proceeds		91.4	90.4	94.8	99.3	104.0

POSITIONS

FULL TIME		2	2	2	2	2
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Includes two new positions: a Loan Examiner III (Fairbanks) and a Clerk-Typist III (Fairbanks) to handle increased workload. Other components include new employee expenses.

IV. DATE 5/16/81 PREPARED BY Nick Carney
 AGENCY Department of Natural Resources
 Original: Legislative Finance PHONE 465-2400
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 456 (Resources)
 Title An Act relating to agriculture
 Requested by _____ Date May 16, 1981

II. FISCAL DETAIL

Agency Affected DNR
 Program Category Affected Development
 BRU, Program, or Subprogram(s) Affected Ag Management / Ag Development

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		118.0	130.0	142.0	154.0	166.0
200 TRAVEL		43.0	43.0	45.0	45.0	45.0
300 CONTRACTUAL		68.0	78.0	88.0	98.0	98.0
400 COMMODITIES		6.0	4.5	4.5	5.5	5.5
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		242.0	255.5	279.5	302.5	314.5

FUNDING (Thousands of Dollars)

GENERAL FUND		242.0	255.5	279.5	302.5	314.5
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		3	3	3	3	3
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Includes Executive Director to boards, secretary and research assistant to Ag Products Board, travel for 4 Ag Products Board meetings per year and 10 District Board meetings per year. No funds are included for contractual services for the Ag Products Board for promotion, research, education, etc. Those will be developed by the Board and presented to the Legislature for funding. Includes all office rents, operational costs, and support costs for staff.

IV. DATE May 16, 1981 PREPARED BY Nick Carney

AGENCY DNR/Division of Agriculture

Original: Legislative Finance PHONE _____

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Original sponsors: Rogers, Brown,
Carney, et al

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 456 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH 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. PURPOSE. It is the purpose of this Act to promote

10 (1) the development of economically viable, environmentally
11 sound, and energy-efficient agricultural production which will help diversify
12 and stabilize the economy of the state; and

13 (2) the self-sufficiency of Alaskans in the production of food
14 supplies.

15 * Sec. 2. AS 03.10.010 is repealed and reenacted to read:

16 Sec. 03.10.010. DECLARATION OF POLICY. It is the policy of this
17 chapter to promote the development of agriculture throughout the state
18 by means of low-interest loans.

19 * Sec. 3. AS 03.10.020(1) is repealed and reenacted to read:

20 (1) make loans

21 (A) for development of farms and greenhouses and for
22 the storage, processing, and marketing of farm produce, livestock,
23 and machinery

24 (i) to individual resident farmers, homesteaders,
25 greenhouse gardeners; and

26 (ii) to partnerships, cooperatives, and corporations
27 composed of resident farmers, homesteaders, and greenhouse
28 gardeners;

29 (B) for storage and processing plants for agricultural

1 products to resident individuals, partnerships, cooperatives, and
2 corporations;

3 * Sec. 4. AS 03.10.030(a) is repealed and reenacted to read:

4 (a) A loan may not run longer than 30 years or the useful life of
5 the chattel nor bear interest exceeding eight percent, and the loan
6 shall be secured by a real estate or chattel mortgage, or both.

7 * Sec. 5. AS 03.10.030(b) is repealed and reenacted to read:

8 (b) A loan to an individual resident farmer, homesteader, or
9 greenhouse gardener or to a partnership or corporation composed of
10 farmers, homesteaders, or greenhouse gardeners may not exceed \$750,000
11 for farm development and \$500,000 for chattels.

12 * Sec. 6. AS 03.10.030(d) is repealed and reenacted to read:

13 (d) A loan for an irrigation system under this chapter may be
14 made in an amount and for a term determined by the commissioner.

15 * Sec. 7. AS 03.10.030 is amended by adding a new subsection to read:

16 (g) A loan may not be made under this chapter unless the depart-
17 ment determines that sufficient capital is not available from other
18 sources on reasonable terms.

19 * Sec. 8. AS 03 is amended by adding a new chapter to read:

20 CHAPTER 18. ALASKA AGRICULTURAL PRODUCTS BOARD.

21 Sec. 03.18.005. PURPOSES OF CHAPTER. The purposes of this
22 chapter are to

23 (1) enable the agricultural industry to maintain and enhance
24 the quality and purity of agricultural products harvested and processed
25 by farmers and food processors in the state;

26 (2) enable the agricultural industry in the state to stimu-
27 late consumer identification of Alaska agricultural products so as to
28 increase the use and consumption of agricultural products harvested and
29 processed in the state; and

1 (3) stabilize and diversify the distribution of agricultural
2 products processed and harvested in the state by encouraging consumers
3 to purchase Alaska agricultural products.

4 Sec. 03.18.010. ALASKA AGRICULTURAL PRODUCTS BOARD. (a) There
5 is established in the Department of Natural Resources the Alaska Agri-
6 cultural Products Board consisting of seven members appointed by the
7 governor. Members of the board shall be residents of the state. The
8 board shall consist of persons who are representative of processors of
9 agricultural products in the state and farmers who have actively
10 engaged in farming in the state during at least one of the three years
11 preceding appointment. The commissioner of natural resources or his
12 designee, the director of the agricultural experiment station, and the
13 director of the cooperative extension service are nonvoting, ex officio
14 members of the board. Members of the board serve terms of four years.
15 Six appointed members of the board constitute a quorum.

16 (b) The board shall elect a presiding officer annually and shall
17 hold at least one regular meeting a year. The board shall meet at the
18 call of the presiding officer or upon the written request of four
19 appointed members.

20 (c) Members of the board do not receive a salary, but are entitled
21 to per diem and travel expenses authorized by law for boards and
22 commissions under AS 39.20.180.

23 Sec. 03.18.020. MEETINGS PUBLIC. Meetings of the board are
24 public and shall be held under AS 44.62.310.

25 Sec. 03.18.030. DUTIES. The board shall

26 (1) conduct or sponsor programs of market research and
27 education, advertising, or sales promotion designed to accomplish the
28 purposes of this chapter;

29 (2) contract with persons to promote the sale of agricultural

1 products;

2 (3) cooperate with any other local, state or national board,
3 organization, or agency engaged in work or activities similar to the
4 work and activities of the board and contract with those organizations
5 or agencies for carrying on joint programs of consumer education, sales
6 promotion, quality promotion, advertising, and research in the produc-
7 tion, processing, or distribution of agricultural products;

8 (4) conduct or contract for scientific research to develop
9 and discover the health, dietetic, or other uses of agricultural
10 products;

11 (5) prepare an annual budget for the board;

12 (6) employ an executive director and other employees it
13 considers necessary and prescribe their duties and fix their compensa-
14 tion;

15 (7) establish offices and incur expenses incidental to their
16 establishment;

17 (8) present facts to, and negotiate with local, state, or
18 federal governmental agencies on matters affecting quality production,
19 processing, or distribution of agricultural products.

20 Sec. 03.18.040. ANNUAL REPORTS. The board shall prepare an
21 annual report suggesting methods to promote high quality and markets
22 for agricultural products. The report shall be submitted to the legis-
23 lature on February 15 of each year.

24 Sec. 03.18.050. DEFINITIONS. In this chapter

25 (1) "agricultural products" means plants and animals useful
26 to man which are produced in the state for human food and does not
27 include aquatic plants and animals or timber products;

28 (2) "board" means the Alaska Agricultural Products Board.

29 * Sec. 9. AS 41.10.040 is amended to read:

1 Sec. 41.10.040. SOIL CONSERVATION BOARD. The district is governed
2 by the Alaska Soil Conservation Board composed of five [THREE] members.

3 * Sec. 10. AS 41.10.060 is repealed and reenacted to read:

4 Sec. 41.10.060. QUALIFICATIONS OF BOARD MEMBERS. The board shall
5 consist of resident farmers and ranchers and shall be geographically
6 representative of the state.

7 * Sec. 11. AS 41.10 is amended by adding a new section to read:

8 Sec. 41.10.095. DUTIES OF BOARD. The board shall

9 (1) receive and review reports concerning the use of soil
10 resources in the state;

11 (2) hold public hearings and meetings to determine whether
12 land in the state is being used in a manner consistent with sound soil
13 conservation practice;

14 (3) furnish the commissioner of natural resources with re-
15 ports of findings and make recommendations for specific action neces-
16 sary to provide for the effective and orderly development of farming
17 and grazing land in the state; and

18 (4) review an appeal by an applicant or lessee from a deci-
19 sion of the director of the division of forest, land and water manage-
20 ment or the commissioner of natural resources concerning a sale or
21 lease of state agricultural or grazing land and submit its recommenda-
22 tions to the commissioner or hearing officer.

23 * Sec. 12. AS 44.81 is amended by adding a new section to read:

24 Sec. 44.81.215. AGRICULTURAL PROCESSING FACILITIES LOAN. The
25 bank may make a loan to provide financing for

26 (1) the construction or improvement of agricultural proces-
27 sing facilities in the state;

28 (2) the working capital requirements of an agricultural
29 processing facility in the state.

1 * Sec. 13. AS 44.81.350 is amended by adding a new paragraph to read:

2 (5) "agricultural processing facilities" means facilities
3 which process agricultural products and includes but is not limited to
4 port facilities for the storage and shipment of grain, centralized
5 grain handling facilities, slaughterhouses, dairy plants, and vegetable
6 processing plants.

7 * Sec. 14. Within 90 days after the effective date of this Act the
8 governor shall appoint two additional members to the Alaska Soil Conserva-
9 tion Board under AS 41.10.040 amended in sec. 9 of this Act. The initial
10 terms of the additional members shall be two and three years respectively.
11 The present members of the board shall complete their terms of office. All
12 appointments, whether to fill vacancies or the new positions, shall be made
13 so as to bring about the composition of the board provided in AS 41.10.060
14 as amended by sec. 10 of this Act.

15 * Sec. 15. Of the members first appointed by the governor to the Alaska
16 Agricultural Products Board under AS 03.18.010 enacted in sec. 8 of this
17 Act, three members serve for one year, three members for two years, three
18 members for three years, and two members for four years.

19 * Sec. 16. The first report required by the Alaska Agricultural Products
20 Board under AS 03.18.040 enacted in sec. 8 of this Act shall be submitted to
21 the First Session of the Thirteenth Legislature.

22 * Sec. 17. This Act takes effect July 1, 1981.
23
24
25
26
27
28
29

Original sponsors: Rogers, Brown,
Carney, et al

Offered: 5/15/81
Referred: Finance

1 IN THE HOUSE

FINANCE
BY THE ~~RESOURCES~~ COMMITTEE

2 CS FOR HOUSE BILL NO. 456 (~~Resources~~) FINANCE

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH 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. PURPOSE. It is the purpose of this Act to promote

10 (1) the development of economically viable, environmentally
11 sound, and energy-efficient agricultural production which will help diversify
12 and stabilize the economy of the state; and

13 (2) the self-sufficiency of Alaskans in the production of food
14 supplies.

15 * Sec. 2. AS 03.10.010 is repealed and reenacted to read:

16 Sec. 03.10.010. DECLARATION OF POLICY. It is the policy of this
17 chapter to promote the development of agriculture throughout the state
18 by means of low-interest loans.

19 * Sec. 3. AS 03.10.020(1) is repealed and reenacted to read:

20 (1) make loans

21 (A) for development of farms and greenhouses and for
22 the storage, processing, and marketing of farm produce, livestock,
23 and machinery

24 (i) to individual resident farmers, homesteaders,
25 greenhouse gardeners; and

26 (ii) to partnerships, cooperatives, and corporations
27 composed of resident farmers, homesteaders, and greenhouse
28 gardeners;

29 (B) for storage and processing plants for agricultural

1 products to resident individuals, partnerships, cooperatives, and
2 corporations;

3 * Sec. 4. AS 03.10.030(a) is repealed and reenacted to read:

4 (a) A loan may not run longer than 30 years or the useful life of
5 the chattel nor bear interest exceeding ~~6~~^{eight} percent, and it shall be
6 secured by a real estate or chattel mortgage, or both.

7 * Sec. 5. AS 03.10.030(b) is repealed and reenacted to read:

8 (b) A loan to an individual resident farmer, homesteader, or
9 greenhouse gardener or to a partnership or corporation composed of
10 farmers, homesteaders, or greenhouse gardeners may not exceed ~~\$500,000~~^{\$750,000}
11 for farm development and ~~\$300,000~~^{\$500,000} for chattels.

12 * Sec. 6. AS 03.10.030(d) is repealed and reenacted to read:

13 (d) A loan for an irrigation system under this chapter may be
14 made in an amount and for a term determined by the commissioner.

15 * Sec. 7. AS 03.10.030 is amended by adding a new subsection to read:

16 (g) A loan may not be made under this chapter unless the depart-
17 ment determines that sufficient capital is not available from other
18 sources on reasonable terms.

19 * Sec. 8. AS 03 is amended by adding a new chapter to read:

20 CHAPTER 18. ALASKA AGRICULTURAL PRODUCTS BOARD.

21 Sec. 03.18.010. ALASKA AGRICULTURAL PRODUCTS BOARD. (a) There
22 is established in the Department of Natural Resources the Alaska Agri-
23 cultural Products Board consisting of ~~11~~⁷ members appointed by the
24 governor. Members of the board shall be residents of the state. The
25 board shall consist of persons who are representative of processors of
26 agricultural products in the state and farmers who have actively engaged
27 in farming in the state during at least one of the three years preceding
28 appointment. The commissioner of natural resources ~~is a~~^{① are} nonvoting, ex
29 officio members of the board. Members of the board serve terms of four

① or his designee, the director of the agricultural experiment station, and the director of the cooperative extension service

1 years. Six appointed members of the board constitute a quorum.

2 (b) The board shall elect a presiding officer annually and shall
3 hold at least one regular meeting a year. The board shall meet at the
4 call of the presiding officer or upon the written request of four
5 appointed members.

6 (c) Members of the board do not receive a salary, but are entitled
7 to per diem and travel expenses authorized by law for boards and commis-
8 sions under AS 39.20.180.

9 **3.18.015** Sec. 03.18.020. MEETINGS PUBLIC. Meetings of the board are
10 **PURPOSE** public and shall be held under AS 44.62.310.

11 Sec. 03.18.030. DUTIES. The board shall

- 12 (1) ^{or sponsor} conduct ^{market research and education,} programs of ~~education, research,~~ advertising, or
13 sales promotion designed to accomplish the purposes of this chapter;
- 14 (2) contract with persons to promote the sale of agricultural
15 products;
- 16 (3) cooperate with any other local, state or national board,
17 organization, or agency engaged in work or activities similar to the
18 work and activities of the board and contract with those organizations
19 or agencies for carrying on joint programs of consumer education, sales
20 promotion, quality promotion, advertising, and research in the produc-
21 tion, processing, or distribution of agricultural products;
- 22 (4) conduct or contract for scientific research to develop
23 and discover the health, dietetic, or other uses of agricultural
24 products;
- 25 (5) prepare an annual budget for the board;
- 26 (6) employ an executive director and other employees it
27 considers necessary and prescribe their duties and fix their compensa-
28 tion;
- 29 (7) establish offices and incur expenses incidental to their

1 establishment;

2 (8) present facts to, and negotiate with local, state, or
3 federal governmental agencies on matters affecting quality production,
4 processing, or distribution of agricultural products.

5 Sec. 03.18.040. ANNUAL REPORTS. The board shall prepare an
6 annual report suggesting methods to promote high quality and markets
7 for agricultural products. The report shall be submitted to the legis-
8 lature on February 15 of each year.

9 Sec. 03.18.050. DEFINITIONS. In this chapter

10 (1) "agricultural products" means plants and animals useful
11 to man which are produced in the state for human food and does not
12 include aquatic plants and animals, *or timber products;*

13 (2) "board" means the Alaska Agricultural Products Board.

14 ~~Sec. 9. AS 38.05.069(c)(1) is amended to read:~~

15 (1) the director may convey or lease an interest in the land
16 only for agricultural purposes, and all other interests in the land
17 remain in the state; the sale or lease shall be at public auction and,
18 if the land conveyed or leased contains over 40 acres, before the con-
19 tract of sale or lease is signed the purchaser or lessee shall agree
20 to a farm conservation plan which has been approved by the director
21 and which may be modified by agreement between the purchaser or lessee
22 and the director;

23 * Sec. 10. AS 38.05.069(e) is amended by adding a new paragraph to read:

24 (3) "farm conservation plan" means an agreement which

25 (A) describes the location of the land that will be
26 cleared or cultivated;

27 (B) describes the location of buildings or other im-
28 provements that will be constructed on the land; and

29 (C) describes the soil conservation measures that will

1 ~~be taken by the purchaser or lessee.~~

2 * Sec. 11. AS 41.10.040 is amended to read:

3 Sec. 41.10.040. SOIL CONSERVATION BOARD. The district is governed
4 by the Alaska Soil Conservation Board composed of five [THREE] members.

5 * Sec. 12. AS 41.10.060 is repealed and reenacted to read:

6 Sec. 41.10.060. QUALIFICATIONS OF BOARD MEMBERS. The board shall
7 consist of resident farmers and ranchers and shall be geographically
8 representative of the state.

9 * Sec. 13. AS 41.10 is amended by adding a new section to read:

10 Sec. 41.10.095. DUTIES OF BOARD. The board shall

11 (1) receive and review reports concerning the use of soil
12 resources in the state;

13 (2) hold public hearings and meetings to determine whether
14 land in the state is being used in a manner consistent with sound soil
15 conservation practice;

16 (3) furnish the commissioner of natural resources with re-
17 ports of findings and make recommendations for specific action neces-
18 sary to provide for the effective and orderly development of farming
19 and grazing land in the state; and

20 (4) review an appeal by an applicant or lessee from a deci-
21 sion of the director of the ^{forest, land and water management} division of lands or the commissioner of
22 natural resources concerning ^{a sale or lease} ~~the leasing~~ of state agricultural or
23 grazing land and submit its recommendations to the commissioner or
24 hearing officer.

25 * Sec. 14. AS 44.81 is amended by adding a new section to read:

26 Sec. 44.81.215. AGRICULTURAL PROCESSING FACILITIES LOAN. The
27 bank may make a loan to provide financing for

28 (1) the construction or improvement of agricultural proces-
29 sing facilities in the state;

1 (2) the working capital requirements of an agricultural
2 processing facility in the state.

3 * Sec. 15. AS 44.81.350 is amended by adding a new paragraph to read:

4 (5) "agricultural processing facilities" means facilities
5 which process agricultural products and includes but is not limited to
6 port facilities for the storage and shipment of grain, centralized
7 grain handling facilities, slaughterhouses, dairy plants, and vegetable
8 processing plants.

9 * Sec. 16. Within 90 days after the effective date of this Act the
10 governor shall appoint two additional members to the Alaska Soil Conserva-
11 tion Board under AS 41.10.040 amended in sec. 11 of this Act. The initial
12 terms of the additional members shall be two and three years respectively.
13 The present members of the board shall complete their terms of office. All
14 appointments, whether to fill vacancies or the new positions, shall be made
15 so as to bring about the composition of the board provided in AS 41.10.060
16 as amended by sec. 12 of this Act.

17 * Sec. 17. Of the members first appointed by the governor to the Alaska
18 Agricultural Products Board under AS 03.18.010 enacted in sec. 8 of this
19 Act, three members serve for one year, three members for two years, three
20 members for three years, and two members for four years.

21 * Sec. 18. The first report required under AS 03.18.040 by the Alaska
22 Agricultural Products Board enacted in sec. 8 of this Act shall be submitted
23 to the First Session of the Thirteenth Legislature.

24 * Sec. 19. ~~The Department of Health and Social Services may provide to~~
25 ~~applicants who qualify for state assistance under AS 47.25 seeds, supplies,~~
26 ~~and tools for home gardens up to a value of \$50 for each qualifying house-~~
27 hold.

28 [~~* Sec. 20. AS 03.10.030(f) is repealed.~~]

29 * Sec. 21. This Act takes effect July 1, 1981.

Amendment by Rogers
p. 2, line 20, insert the following!

Sec. 3.18.015 PURPOSES. The purposes of this chapter are to

(1) enable the agricultural industry to maintain and enhance the quality and purity of agricultural products harvested and processed by farmers and food processors in the state;

(2) enable the agricultural industry in the state to stimulate consumer identification of Alaska agricultural products to increase the use and consumption of agricultural products harvested and processed in the state; and

(3) stabilize and diversify the distribution of agricultural products processed and harvested in the state by encouraging consumers to purchase Alaska agricultural products.

FISCAL NOTE

(FN - not accepted)

I. REQUEST

Bill/Resolution No. CSHB 456 (Resources)
 Title An Act Relating to Agriculture
 Requested by Rogers, Brown, Carney et al Date 5/15/81

II. FISCAL DETAIL

Agency Affected DHSS
 Program Category Affected New BRU for seed grants - Social Services
 BRU, Program, or Subprogram(s) Affected Same
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	50.0	55.0	60.5	33.3	36.6	40.3
200 TRAVEL						
300 CONTRACTUAL	60.0	6.6	7.3	4.0	4.4	4.8
400 COMMODITIES	.5	.6	.6	.3	.4	.4
500 EQUIPMENT	3.5					
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	1,000.0	1,100.0	1,210.0	1,331.0	1,464.1	1,610.5
TOTAL	1,060.0	1,162.2	1,278.4	1,368.6	1,505.5	1,656.0

FUNDING (Thousands of Dollars)

GENERAL FUND	1,060.0	1,162.2	1,278.4	1,368.6	1,505.5	1,656.0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	2.0	2.0	2.0	1.0	1.0	1.0
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Section 17 of CSHB 456 (Resources) would provide an opportunity for all recipients of public assistance to receive \$50 annually with which to purchase seeds, supplies and tools for home gardens. Approximately 24,000 families are expected to receive public assistance in FY82 not all of which would likely be interested in receiving this special aid. This fiscal note would accomodate up to 20,000 households in FY82 plus two clerical staff to issue warrants to vendors. The implementation of the division's new data system should drop the requirement for clerical support to one position by FY84.

R. Betit
 Rod Betit

IV. DATE 5/15/81 PREPARED BY DHSS/DPA

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

AGENCY DHSS/DPA
 PHONE 465-3355
AKA 5/15/81

CSHB 456 (Finance)

It is the intent of the legislature that the costs of clearing agricultural land be financed by farm development loans from the agricultural revolving loan fund.

Original sponsors: Rogers, Brown,
Carney, et al

Offered: 5/15/81
Referred: Finance

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2

CS FOR HOUSE BILL NO. 456 (Resources)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to agriculture; and providing for an
7 effective date."

7

8

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

9

* Section 1. PURPOSE. It is the purpose of this Act to promote

10

(1) the development of economically viable, environmentally

11

sound, and energy-efficient agricultural production which will help diversify

12

and stabilize the economy of the state; and

13

(2) the self-sufficiency of Alaskans in the production of food

14

supplies.

15

* Sec. 2. AS 03.10.010 is repealed and reenacted to read:

16

Sec. 03.10.010. DECLARATION OF POLICY. It is the policy of this

17

chapter to promote the development of agriculture throughout the state

18

by means of low-interest loans.

19

* Sec. 3. AS 03.10.020(1) is repealed and reenacted to read:

20

(1) make loans

21

(A) for development of farms and greenhouses and for

22

the storage, processing, and marketing of farm produce, livestock,

23

and machinery

24

(i) to individual resident farmers, homesteaders,

25

greenhouse gardeners; and

26

(ii) to partnerships, cooperatives, and corporations

27

composed of resident farmers, homesteaders, and greenhouse

28

gardeners;

29

(B) for storage and processing plants for agricultural

1 products to resident individuals, partnerships, cooperatives, and
2 corporations;

3 * Sec. 4. AS 03.10.030(a) is repealed and reenacted to read:

4 (a) A loan may not run longer than 30 years or the useful life of
5 the chattel nor bear interest exceeding six percent, and it shall be
6 secured by a real estate or chattel mortgage, or both.

7 * Sec. 5. AS 03.10.030(b) is repealed and reenacted to read:

8 (b) A loan to an individual resident farmer, homesteader, or
9 greenhouse gardener or to a partnership or corporation composed of
10 farmers, homesteaders, or greenhouse gardeners may not exceed \$500,000
11 for farm development and \$300,000 for chattels.

12 * Sec. 6. AS 03.10.030(d) is repealed and reenacted to read:

13 (d) A loan for an irrigation system under this chapter may be
14 made in an amount and for a term determined by the commissioner.

15 * Sec. 7. AS 03.10.030 is amended by adding a new subsection to read:

16 (g) A loan may not be made under this chapter unless the depart-
17 ment determines that sufficient capital is not available from other
18 sources on reasonable terms.

19 * Sec. 8. AS 03 is amended by adding a new chapter to read:

20 CHAPTER 18. ALASKA AGRICULTURAL PRODUCTS BOARD.

21 Sec. 03.18.010. ALASKA AGRICULTURAL PRODUCTS BOARD. (a) There
22 is established in the Department of Natural Resources the Alaska Agri-
23 cultural Products Board consisting of 11 members appointed by the
24 governor. Members of the board shall be residents of the state. The
25 board shall consist of persons who are representative of processors of
26 agricultural products in the state and farmers who have actively engaged
27 in farming in the state during at least one of the three years preceding
28 appointment. The commissioner of natural resources is a nonvoting, ex
29 officio member of the board. Members of the board serve terms of four

1 years. Six appointed members of the board constitute a quorum.

2 (b) The board shall elect a presiding officer annually and shall
3 hold at least one regular meeting a year. The board shall meet at the
4 call of the presiding officer or upon the written request of four
5 appointed members.

6 (c) Members of the board do not receive a salary, but are entitled
7 to per diem and travel expenses authorized by law for boards and commis-
8 sions under AS 39.20.180.

9 Sec. 03.18.020. MEETINGS PUBLIC. Meetings of the board are
10 public and shall be held under AS 44.62.310.

11 Sec. 03.18.030. DUTIES. The board shall

12 (1) conduct programs of education, research, advertising, or
13 sales promotion designed to accomplish the purposes of this chapter;

14 (2) contract with persons to promote the sale of agricultural
15 products;

16 (3) cooperate with any other local, state or national board,
17 organization, or agency engaged in work or activities similar to the
18 work and activities of the board and contract with those organizations
19 or agencies for carrying on joint programs of consumer education, sales
20 promotion, quality promotion, advertising, and research in the produc-
21 tion, processing, or distribution of agricultural products;

22 (4) conduct or contract for scientific research to develop
23 and discover the health, dietetic, or other uses of agricultural
24 products;

25 (5) prepare an annual budget for the board;

26 (6) employ an executive director and other employees it
27 considers necessary and prescribe their duties and fix their compensa-
28 tion;

29 (7) establish offices and incur expenses incidental to their

1 establishment;

2 (8) present facts to, and negotiate with local, state, or
3 federal governmental agencies on matters affecting quality production,
4 processing, or distribution of agricultural products.

5 Sec. 03.18.040. ANNUAL REPORTS. The board shall prepare an
6 annual report suggesting methods to promote high quality and markets
7 for agricultural products. The report shall be submitted to the legis-
8 lature on February 15 of each year.

9 Sec. 03.18.050. DEFINITIONS. In this chapter

10 (1) "agricultural products" means plants and animals useful
11 to man which are produced in the state for human food and does not
12 include aquatic plants and animals;

13 (2) "board" means the Alaska Agricultural Products Board.

14 * Sec. 9. AS 38.05.069(c)(1) is amended to read:

15 (1) the director may convey or lease an interest in the land
16 only for agricultural purposes, and all other interests in the land
17 remain in the state; the sale or lease shall be at public auction and,
18 if the land conveyed or leased contains over 40 acres, before the con-
19 tract of sale or lease is signed the purchaser or lessee shall agree
20 to a farm conservation plan which has been approved by the director
21 and which may be modified by agreement between the purchaser or lessee
22 and the director;

23 * Sec. 10. AS 38.05.069(e) is amended by adding a new paragraph to read:

24 (3) "farm conservation plan" means an agreement which

25 (A) describes the location of the land that will be
26 cleared or cultivated;

27 (B) describes the location of buildings or other im-
28 provements that will be constructed on the land; and

29 (C) describes the soil conservation measures that will

1 be taken by the purchaser or lessee.

2 * Sec. 11. AS 41.10.040 is amended to read:

3 Sec. 41.10.040. SOIL CONSERVATION BOARD. The district is governed
4 by the Alaska Soil Conservation Board composed of five [THREE] members.

5 * Sec. 12. AS 41.10.060 is repealed and reenacted to read:

6 Sec. 41.10.060. QUALIFICATIONS OF BOARD MEMBERS. The board shall
7 consist of resident farmers and ranchers and shall be geographically
8 representative of the state.

9 * Sec. 13. AS 41.10 is amended by adding a new section to read:

10 Sec. 41.10.095. DUTIES OF BOARD. The board shall

11 (1) receive and review reports concerning the use of soil
12 resources in the state;

13 (2) hold public hearings and meetings to determine whether
14 land in the state is being used in a manner consistent with sound soil
15 conservation practice;

16 (3) furnish the commissioner of natural resources with re-
17 ports of findings and make recommendations for specific action neces-
18 sary to provide for the effective and orderly development of farming
19 and grazing land in the state; and

20 (4) review an appeal by an applicant or lessee from a deci-
21 sion of the director of the division of lands or the commissioner of
22 natural resources concerning the leasing of state agricultural or
23 grazing land and submit its recommendations to the commissioner or
24 hearing officer.

25 * Sec. 14. AS 44.81 is amended by adding a new section to read:

26 Sec. 44.81.215. AGRICULTURAL PROCESSING FACILITIES LOAN. The
27 bank may make a loan to provide financing for

28 (1) the construction or improvement of agricultural proces-
29 sing facilities in the state;

1 (2) the working capital requirements of an agricultural
2 processing facility in the state.

3 * Sec. 15. AS 44.81.350 is amended by adding a new paragraph to read:

4 (5) "agricultural processing facilities" means facilities
5 which process agricultural products and includes but is not limited to
6 port facilities for the storage and shipment of grain, centralized
7 grain handling facilities, slaughterhouses, dairy plants, and vegetable
8 processing plants.

9 * Sec. 16. Within 90 days after the effective date of this Act the
10 governor shall appoint two additional members to the Alaska Soil Conserva-
11 tion Board under AS 41.10.040 amended in sec. 11 of this Act. The initial
12 terms of the additional members shall be two and three years respectively.
13 The present members of the board shall complete their terms of office. All
14 appointments, whether to fill vacancies or the new positions, shall be made
15 so as to bring about the composition of the board provided in AS 41.10.060
16 as amended by sec. 12 of this Act.

17 * Sec. 17. Of the members first appointed by the governor to the Alaska
18 Agricultural Products Board under AS 03.18.010 enacted in sec. 8 of this
19 Act, three members serve for one year, three members for two years, three
20 members for three years, and two members for four years.

21 * Sec. 18. The first report required under AS 03.18.040 by the Alaska
22 Agricultural Products Board enacted in sec. 8 of this Act shall be submitted
23 to the First Session of the Thirteenth Legislature.

24 * Sec. 19. The Department of Health and Social Services may provide to
25 applicants who qualify for state assistance under AS 47.25 seeds, supplies,
26 and tools for home gardens up to a value of \$50 for each qualifying house-
27 hold.

28 * Sec. 20. AS 03.10.030(f) is repealed.

29 * Sec. 21. This Act takes effect July 1, 1981.

Introduced: 4/2/81
Referred: Resources and
Finance

1 IN THE HOUSE

BY ROGERS, BROWN, CARNEY,
MOSS AND GARDINER

2 HOUSE BILL NO. 456

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH 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 03.10.010 is repealed and reenacted to read:

10 Sec. 03.10.010. DECLARATION OF POLICY. It is the policy of this
11 chapter to promote the development of agriculture throughout the state
12 and to encourage greater self-sufficiency in food production by means
13 of low-interest loans.

14 * Sec. 2. AS 03.10.020(1) is repealed and reenacted to read:

15 (1) make loans

16 (A) for development of farms and greenhouses and for
17 the storage, processing, and marketing of farm produce, livestock,
18 and machinery

19 (i) to individual resident farmers, homesteaders,
20 greenhouse gardeners; and

21 (ii) to partnerships, cooperatives, and corporations
22 composed of resident farmers, homesteaders, and greenhouse
23 gardeners;

24 (B) for storage and processing plants for agricultural
25 products to resident individuals, partnerships, cooperatives, and
26 corporations;

27 * Sec. 3. AS 03.10.030(a) is repealed and reenacted to read:

28 (a) A loan may not run longer than 30 years or the useful life of
29 the chattel nor bear interest exceeding six percent, and it shall be

1 secured by a real estate or chattel mortgage, or both.

2 * Sec. 4. AS 03.10.030(b) is repealed and reenacted to read:

3 (b) A loan to an individual resident farmer, homesteader, or
4 greenhouse gardener may not exceed \$500,000 for farm development and
5 \$300,000 for chattels.

6 * Sec. 5. AS 03.10.030(d) is repealed and reenacted to read:

7 (d) A loan for an irrigation system under this chapter may be
8 made in an amount and for a term determined by the commissioner.

9 * Sec. 6. AS 03.10.030 is amended by adding a new subsection to read:

10 (g) A loan may not be made under this chapter unless the depart-
11 ment determines that sufficient capital is not available from other
12 sources on reasonable terms.

13 * Sec. 7. AS 03.10.040 is amended to read:

14 Sec. 03.10.040. CREATION OF FUND. There is an agricultural
15 [REVOLVING] loan fund [WHICH SHALL NOT EXCEED \$20,000,000] to carry out
16 the purpose of this chapter.

17 * Sec. 8. AS 03 is amended by adding a new chapter to read:

18 CHAPTER 12. ALASKA SMALL FARM DEVELOPMENT ACT.

19 Sec. 03.12.010. ESTABLISHMENT OF PROGRAM. The department shall
20 establish a program of cost sharing for the development of small farms
21 by offering financial assistance for clearing and breaking of land to
22 owners or holders of agricultural rights to eligible land.

23 Sec. 03.12.020. ELIGIBLE LAND. (a) Only land which the depart-
24 ment determines has a soil capability classification of II or III is
25 eligible for the cost-sharing program under this chapter.

26 (b) Land which contains timber with commercial value is not
27 eligible for the cost-sharing program under this chapter until the
28 timber has been harvested.

29 (c) Land which is the subject of a long-term agricultural loan

1 for clearing under AS 03.10 is not eligible for the cost-sharing program
2 under this chapter.

3 (d) In order for land to be eligible for the cost-sharing program
4 under this chapter all agricultural land controlled by the person
5 applying for the program must be managed in a manner consistent with
6 the principles of soil and water conservation determined by the depart-
7 ment or by the Agricultural Stabilization and Conservation Service of
8 the United States Department of Agriculture.

9 Sec. 03.12.030. ELIGIBLE PERSONS. If the agricultural rights to
10 eligible land are held by a person other than the owner of the land,
11 the holder of those agricultural rights is the person eligible to
12 submit the development plan and to receive the money under the cost-
13 sharing program.

14 Sec. 03.12.040. DEVELOPMENT PLAN. (a) In order to receive
15 cost-sharing money under this chapter the owner of the eligible land or
16 the holder of agricultural rights to the eligible land must submit a
17 development plan for approval by the department.

18 (b) In preparing the development plan the owner of the eligible
19 land or the holder of agricultural rights to the eligible land must
20 consult with and obtain technical services from the Agricultural
21 Stabilization and Conservation Service of the United States Department
22 of Agriculture.

23 Sec. 03.12.050. LIMITATION ON COST-SHARING MONEY. (a) The
24 department may pay cost-sharing money under an approved development
25 plan for

26 (1) up to 75 percent of the cost of clearing land but not to
27 exceed \$200 per acre; and

28 (2) up to 75 percent of the cost of breaking land but not to
29 exceed \$100 per acre.

1 (b) The money authorized to be paid under (a) of this section may
2 not exceed either

3 (1) \$7,500 per farm in one calendar year; or

4 (2) \$30,000 per farm.

5 Sec. 03.12.060. REPAYMENT OF COST-SHARING MONEY. (a) If eligible
6 land is not put into production as crop or pasture land within three
7 years after cost-sharing money is paid under this chapter, the cost-
8 sharing money shall be repaid to the department by the recipient.

9 (b) If eligible land does not remain in production as crop or
10 pasture land for seven consecutive years after cost-sharing money is
11 paid under this chapter, the cost-sharing money shall be repaid to the
12 department by the recipient. A portion of the eligible land may be
13 left fallow each year for soil improvement purposes without repayment
14 of cost-sharing money being required.

15 * Sec. 9. AS 03 is amended by adding a new chapter to read:

16 CHAPTER 16. SMALL GRAINS LOAN PROGRAM.

17 Sec. 03.16.010. ESTABLISHMENT OF PROGRAM. The Department of
18 Natural Resources shall establish and administer a small grains nonre-
19 course loan program under the provisions of this chapter. The depart-
20 ment may obtain or construct facilities to carry out the purposes of
21 this chapter and may operate a facility itself or may contract with
22 farm cooperatives, the Alaska Grain Exchange, or other suitable entities
23 to operate the facility.

24 Sec. 03.16.020. NONRECOURSE GRAIN LOANS. (a) The department may
25 make nonrecourse grain loans to individual resident farmers and part-
26 nerships or corporations composed of resident farmers as a means of
27 providing for orderly marketing of grain products grown in the state.
28 The loan amount shall be made on a per-ton basis and shall be in an
29 amount equal to the difference between the current local federal nonre-

1 course loan level and the current federal target price for the par-
2 ticular commodity, so that the federal target price is the effective
3 loan level in Alaska.

4 (b) A loan made under (a) of this section may not exceed \$50,000
5 and is repayable in one year.

6 (c) A person is not eligible for a loan under (a) of this section
7 if the person is delinquent on existing nonrecourse grain loan pay-
8 ments.

9 Sec. 03.16.030. REGULATIONS. The department shall issue regula-
10 tions to carry out the purposes of this chapter, including but not
11 limited to regulations to insure the equitable rights of participation
12 in the program and the right of appeal if the producer has information
13 indicating inequitable treatment or denial of rightful program benefits.

14 Sec. 03.16.040. CREATION OF FUND. A small grains revolving loan
15 fund is created to carry out the purposes of this chapter.

16 Sec. 03.16.050. ADMINISTRATION. (a) The department shall
17 administer the small grains revolving loan fund.

18 (b) The department may enter into a cooperative agreement with
19 the Agricultural Stabilization and Conservation Service of the United
20 States Department of Agriculture or other appropriate agency or organi-
21 zation for the performance of administrative functions related to the
22 small grains nonrecourse loan program.

23 Sec. 03.16.060. ADMINISTRATIVE PROCEDURE ACT. This chapter is
24 subject to the Administrative Procedure Act (AS 44.62).

25 * Sec. 10. AS 03 is amended by adding a new chapter to read:

26 CHAPTER 18. ALASKA AGRICULTURAL PRODUCTS BOARD.

27 Sec. 03.18.010. ALASKA AGRICULTURAL PRODUCTS BOARD. (a) There
28 is established in the Department of Natural Resources the Alaska Agri-
29 cultural Products Board consisting of 10 members appointed by the

1 governor. Members of the board shall be residents of the state. The
2 board shall consist of processors of agricultural products, designated
3 representatives of corporations, partnerships, or other business enti-
4 ties which perform the function of processing agricultural products in
5 the state and farmers who have actively engaged in farming in the state
6 during at least one of the three years preceding appointment. The
7 commissioner of natural resources is a nonvoting, ex officio member of
8 the board. Members of the board serve terms of four years. Six ap-
9 pointed members of the board constitute a quorum.

10 (b) The board shall elect a presiding officer annually and shall
11 hold at least one regular meeting a year. The board shall meet at the
12 call of the presiding officer or upon the written request of four
13 appointed members.

14 (c) Members of the board receive no salary, but are entitled to
15 per diem and travel expenses authorized by law for boards and commis-
16 sions under AS 39.20.180.

17 Sec. 03.18.020. MEETINGS PUBLIC. Meetings of the board shall be
18 held under AS 44.62.310.

19 Sec. 03.18.030. DUTIES. The board shall

20 (1) conduct programs of education, research, advertising, or
21 sales promotion designed to accomplish the purposes of this chapter;

22 (2) contract with persons to promote the sale of agricultural
23 products;

24 (3) cooperate with any other local, state or national board,
25 organization or agency engaged in work or activities similar to the
26 work and activities of the board and contract with those organizations
27 or agencies for carrying on joint programs of consumer education, sales
28 promotion, quality promotion, advertising, and research in the product-
29 ion, processing, or distribution of agricultural products;

1 (4) conduct or contract for scientific research to develop
2 and discover the health, dietetic, or other uses of agricultural prod-
3 ucts;

4 (5) annually prepare a budget for the board;

5 (6) employ an executive director and other employees it
6 considers necessary and prescribe their duties and fix their compensa-
7 tion;

8 (7) establish offices and incur expenses incidental to their
9 establishment;

10 (8) present facts to, and negotiate with local, state, or
11 federal governmental agencies on matters affecting quality production,
12 processing, or distribution of agricultural products.

13 Sec. 03.18.040. ANNUAL REPORTS. The board shall prepare an
14 annual report suggesting methods to promote high quality and markets
15 for agricultural products. The report shall be submitted to the legis-
16 lature on February 15 of each year.

17 Sec. 03.18.050. DEFINITIONS. In this chapter

18 (1) "agricultural products" means plants and animals useful
19 to man which are produced in the state for human food and does not
20 include aquatic plants and animals;

21 (2) "board" means the Alaska Agricultural Products Board.

22 * Sec. 11. AS 29.53.035(c) is amended to read:

23 (c) In this section "farm use" means the use of land for raising
24 and harveting crops or for the feeding, breeding and management of
25 livestock or for dairying or another agricultural use for profit or any
26 combination of these [THEREOF]. To be farm use land, the owner or the
27 lessee must be actively engaged in farming the land [, AND DERIVE AT
28 LEAST 10 PERCENT OF HIS YEARLY GROSS INCOME FROM THE FARM USE LAND].
29 The provisions of this section do not apply to land respecting which

1 the owner has granted, and has outstanding, a lease or option to buy
2 the surface rights. A property owner wishing to file for farm use
3 classification for land having no history of farm use or of farm use
4 during fewer than three of the preceding five years [OF FARM-RELATED
5 INCOME] may submit a declaration of intent at the time of filing the
6 application with the assessor setting out the intended use of the land
7 [AND THE ANTICIPATED PERCENTAGE OF INCOME]. An applicant using this
8 procedure shall file with the assessor before February 1 of the follow-
9 ing year a notarized statement of the actual use of the land [PERCENT-
10 AGE OF GROSS INCOME ATTRIBUTABLE TO THE FARM USE LAND]. Failure to
11 make the filing required in this subsection or failure to maintain the
12 land in farm use for three of the five years following the filing of
13 the initial declaration of intent forfeits the exemption and subjects
14 the owner to liability for the tax which otherwise would have been due.

15 * Sec. 12. AS 38.05 is amended by adding a new section to read:

16 Sec. 38.05.059. FARM IMPROVEMENT CREDIT. (a) A person who con-
17 tracts to purchase the agricultural development rights to state land
18 may receive credit against the installment payments due under the land
19 sale contract for constructing an improvement listed in (b) of this
20 section. A credit may be allowed only if a plan for the construction
21 of the improvement is approved by the commissioner or his designee and
22 by any other regulatory agency required to inspect and approve improve-
23 ments to land. Credit granted under this section may not exceed 90
24 percent of the total purchase price of the agricultural land.

25 (b) The commissioner shall allow credit under this section for
26 the following improvements with the limitations set out after each:

27 (1) clearing, draining and breaking undeveloped agricultural
28 land -- \$80 per acre;

29 (2) fences -- \$500 per mile;

1 (3) permanent family dwelling -- \$10 per square foot, not to
2 exceed \$10,000;

3 (4) storage and livestock buildings -- \$4 per square foot,
4 not to exceed \$10,000;

5 (5) milk parlor and other buildings in which agricultural
6 products are processed for human consumption -- \$8 per square foot, not
7 to exceed \$10,000;

8 (6) farm-based energy production plant -- \$20 per million
9 Btu's of energy produced, not to exceed \$10,000;

10 (7) greenhouse -- \$10 per square foot, not to exceed \$10,000;

11 (8) water well which produces potable water -- \$8 per foot,
12 not to exceed \$1,000;

13 (9) irrigation well which produces a minimum of 300 gallons
14 per minute -- \$15 per foot, not to exceed \$3,000; and

15 (10) access road with a 20-foot crown and drainage -- \$1,500
16 per mile, not to exceed \$3,000.

17 (c) The director may allow credit for an improvement not listed
18 in (b) of this section which is constructed on or adjacent to the
19 agricultural land if he determines that the improvement is necessary
20 for the development of the land for agricultural purposes

21 (d) The commissioner may adopt regulations under the Administra-
22 tive Procedure Act (AS 44.62) which are necessary to accomplish the
23 purpose of this section.

24 * Sec. 13. AS 38.05.069(c)(1) is amended to read:

25 (1) the director may convey or lease an interest in the land
26 only for agricultural purposes, and all other interests in the land
27 remain in the state; the sale or lease shall be at public auction and,
28 before the contract of sale or lease is signed, the purchaser or lessee
29 shall agree to a farm conservation plan which has been approved by the

1 director;

2 * Sec. 14. AS 38.05.069(e)(1) is amended to read:

3 (1) "agricultural purposes" includes farming [, RANCHING,
4 GRAZING,] and storage [OR CONTROL] of agricultural crops [OR LIVESTOCK];

5 * Sec. 15. AS 38.05.069(e) is amended by adding a new paragraph to read:

6 (3) "farm conservation plan" means an agreement which

7 (A) describes the location of the land that will be
8 cleared or cultivated;

9 (B) describes the location of buildings or other im-
10 provements that will be constructed on the land; and

11 (C) describes the soil conservation measures that will
12 be taken by the purchaser or lessee.

13 * Sec. 16. AS 38 is amended by adding a new chapter to read:

14 CHAPTER 60. ACQUISITION OF DEVELOPMENT RIGHTS.

15 Sec. 38.60.010. ACQUISITION OF DEVELOPMENT RIGHTS BY PURCHASE OR
16 EXCHANGE. (a) The director may acquire development rights in privately
17 owned agricultural land by purchase or by exchange under AS 38.50 if

18 (1) he receives a request for purchase or exchange from a
19 landowner;

20 (2) he determines that it is in the best interest of the
21 state to preserve the agricultural use of privately owned agricultural
22 land; and

23 (3) he notifies a municipality having land use planning
24 jurisdiction over the land of his determination and gives the munici-
25 pality an opportunity to review the determination.

26 (b) Agricultural land designated for preservation under (a) of
27 this section must have soils classified as classes I - III by the
28 United States Soil Conservation Service.

29 (c) The purchase price of the development rights acquired under

1 this section shall be determined by an independent appraisal contracted
2 by the department. The purchase price may not be less than the differ-
3 ence between the fair market value of the land with all development
4 rights intact and the fair market value of the land restricted to agri-
5 cultural uses, unless the owner of the agricultural land, after being
6 informed of the appraised value, agrees in writing to a lesser price.

7 Sec. 38.60.020. DEVELOPMENT RIGHTS PURCHASE AGREEMENT. The
8 director shall prepare a development rights purchase agreement suitable
9 for recordation which must include the following provisions:

10 (1) structures or other improvements may not be constructed
11 on the agricultural land except for use consistent with agricultural
12 operations;

13 (2) an interest in the agricultural land may not be sold,
14 traded, or otherwise transferred except for a scenic, access, or utility
15 easement which does not adversely affect agricultural operations;

16 (3) public access may not be permitted on the agricultural
17 land unless agreed to by the owner;

18 (4) any other condition or restriction on the use of the
19 agricultural land which is agreed to between the owner and the director
20 that is necessary to preserve land or portions of it as agricultural
21 land.

22 Sec. 38.60.030. CONVEYANCE OF DEVELOPMENT RIGHTS BY STATE. The
23 director shall convey or lease development rights acquired under this
24 chapter in the same manner as provided in AS 38.05.069(c)(2) - (4) for
25 the conveyance of the remaining interests in agricultural land formerly
26 owned by the state.

27 Sec. 38.60.040. RECORDATION OF DEVELOPMENT RIGHTS PURCHASE AGREE-
28 MENTS. The director shall record in the recording district in which
29 the agricultural land is situated a certified copy of the development

1 rights purchase agreement. The director shall notify the owner of the
2 agricultural land and the municipality having land use planning juris-
3 diction over the agricultural land that a development rights agreement
4 has been recorded. The notice must contain a legal description of the
5 land subject to the purchase agreement.

6 Sec. 38.60.050. DEVELOPMENT RIGHTS PURCHASE FUND. (a) The
7 development rights purchase fund is established in the department. The
8 director shall administer the fund. The fund may be financed by appro-
9 priations from the legislature.

10 (b) The director shall use the money in the development rights
11 purchase fund to classify and appraise land under this chapter and to
12 purchase development rights.

13 (c) Development rights held by an owner of agricultural land may
14 be exchanged for

- 15 (1) agricultural rights of equal value on state land;
- 16 (2) fee simple title to state land of equal value;
- 17 (3) money supplied by the state; or
- 18 (4) a combination of (1), (2), or (3) of this subsection.

19 Sec. 38.60.060. DEFINITIONS. In this chapter

20 (1) "agricultural operations" means the production of plants
21 and animals useful to man, including forage and sod crops; grains and
22 feed crops; dairy and dairy products; livestock, including breeding and
23 grazing; fruits; vegetables; and other similar uses and activities;

24 (2) "department" means the Department of Natural Resources;

25 (3) "development rights" means those rights belonging to the
26 fee owner of land that entitle the owner to subdivide or develop land
27 in a manner that adversely effects the agricultural use of the land;

28 (4) "director" means the director of the division of agri-
29 culture within the Department of Natural Resources.

1 * Sec. 17. AS 39.25.120 is amended by adding a new paragraph to read:

2 (19) an agricultural development project administrator under
3 the direction of the Alaska Agricultural Action Council in the Depart-
4 ment of Commerce and Economic Development.

5 * Sec. 18. AS 41.10.040 is amended to read:

6 Sec. 41.10.040. SOIL CONSERVATION BOARD. The district is governed
7 by the Alaska Soil Conservation Board composed of five [THREE] members.

8 * Sec. 19. AS 41.10.060 is repealed and reenacted to read:

9 Sec. 41.10.060. QUALIFICATIONS OF BOARD MEMBERS. The board shall
10 consist of resident farmers and ranchers and shall be geographically
11 representative of the state.

12 * Sec. 20. AS 41.10 is amended by adding a new section to read:

13 Sec. 41.10.095. DUTIES OF BOARD. The board shall

14 (1) receive and review reports concerning the use of soil
15 resources in the state;

16 (2) hold public hearings and meetings to determine whether
17 land in the state is being used in a manner consistent with sound soil
18 conservation practice;

19 (3) furnish the commissioner of natural resources with re-
20 ports of findings and make recommendations for specific action neces-
21 sary to provide for the effective and orderly development of farming
22 and grazing land in the state; and

23 (4) review an appeal by an applicant or lessee from a deci-
24 sion of the director of the division of lands or the commissioner of
25 natural resources concerning the leasing of state agricultural or
26 grazing land and submit its recommendations to the commissioner or
27 hearing officer.

28 * Sec. 21. AS 44.27.020 is amended by adding a new paragraph to read:

29 (4) develop and operate a comprehensive program of agricul-

1 tural education services to

2 (A) advise and assist school districts in the develop-
3 ment of vocational agricultural classes and programs;

4 (B) advise Alaska chapters of national organizations of
5 students studying vocational agriculture in the secondary schools
6 of the state;

7 (C) serve as a clearinghouse for information published
8 and distributed by the federal government, agricultural educational
9 service organizations of other states, and national and state
10 organizations;

11 (D) develop agricultural education programs which
12 relate to agricultural opportunities in cold climates and northern
13 latitudes;

14 (E) sponsor workshops, seminars, and meetings for
15 teachers and students of secondary and postsecondary agricultural
16 education programs;

17 (F) work with the University of Alaska to develop post-
18 secondary agricultural programs for students interested in voca-
19 tional agriculture; and

20 (G) assist, generally, in the development of vocational
21 agricultural opportunities for young men and women in the state.

22 * Sec. 22. AS 44.33.475 is amended by adding a new subsection to read:

23 (c) Ten percent of the land in an agricultural development project
24 must be made available in parcels of 10 acres or less and an additional
25 40 percent in parcels of 40 acres or less.

26 * Sec. 23. AS 44.33 is amended by adding new sections to read:

27 Sec. 44.33.480. SALE OF AGRICULTURAL LAND. (a) Before state
28 land located in an agricultural development project may be sold or
29 leased, the following procedures must be completed:

1 (1) the council shall determine the uses for agricultural
2 land located in an agricultural development project;

3 (2) the director shall, according to instructions from the
4 council, survey the agricultural land in an agricultural development
5 project into parcels consistent with criteria developed by the council;

6 (3) the council shall adopt criteria establishing residency,
7 skill, experience, and financial qualifications it considers necessary
8 for purchasers or lessees of agricultural land in an agricultural
9 development project;

10 (4) the director shall offer the agricultural land for
11 disposal under the procedures prescribed in the Alaska Land Act
12 (AS 38.05), in the manner and at the time consistent with criteria
13 adopted by the council, and subject to review and approval by the
14 council of the

15 (A) terms of sale,

16 (B) land values,

17 (C) farm development requirements, and

18 (D) requirements, terms, and administration of land
19 clearing contracts;

20 (5) the director shall transmit all lottery applications
21 received for the agricultural land and a statement of the qualifica-
22 tions of persons who wish to bid on the land to the council for evalua-
23 tion according to the residency, skill, experience, and financial
24 qualifications adopted by the council;

25 (6) the council shall advise the director which bidders or
26 lottery applicants are qualified to purchase the agricultural land; and

27 (7) if the other requirements of AS 38.05 are satisfied, the
28 director shall conduct the lottery or auction.

29 (b) A determination by the council that a bidder or lottery

1 applicant is not qualified to purchase agricultural land is a final
2 administrative order which is subject to judicial review under AS 44.-
3 62.560 and 44.62.570.

4 Sec. 44.33.485. PROJECT ADMINISTRATOR. The council shall employ
5 a project administrator who will be in charge of the detailed affairs
6 of each agricultural development project authorized under AS 44.33.475.
7 A project administrator serves at the direction and at the pleasure of
8 the council. A project administrator is authorized to employ and
9 determine the compensation of members of his staff within the limita-
10 tion of the budget approved by the council. A project administrator is
11 in the partially exempt service under AS 39.25.120.

12 Sec. 44.33.490. AGRICULTURAL PROCESSING FACILITIES REVOLVING LOAN
13 FUND. (a) The agricultural processing facilities revolving loan fund
14 is established in the Department of Commerce and Economic Development.
15 The council shall administer the fund. The fund may be financed by
16 appropriations from the legislature.

17 (b) The council shall use money in the fund to make loans to
18 individuals, partnerships, corporations, or agricultural cooperatives
19 for the construction, operation or purchase of agricultural processing
20 facilities.

21 (c) A loan made under this section

22 (1) may not exceed a term of 25 years;

23 (2) may not exceed \$2,500,000;

24 (3) shall bear interest at a rate not to exceed nine and
25 one-half percent;

26 (4) shall be secured by a first priority lien and appropri-
27 ate security agreement.

28 (d) In this section, "agricultural processing facilities" includes
29 port facilities for the storage and shipment of grain, centralized

1 grain handling facilities, slaughterhouses, dairy plants, and vegetable
2 processing plants.

3 * Sec. 24. AS 44.33.500 is amended by adding new paragraphs to read:

4 (3) "director" means the director of the division of lands
5 in the Department of Natural Resources;

6 (4) "fund" means the agricultural processing facilities
7 revolving loan fund.

8 * Sec. 25. AS 44.81.210(a) is amended by adding a new paragraph to read:

9 (22) make variable rate or fixed rate loans to corporations,
10 partnerships, or joint ventures for agricultural processing facilities
11 as provided in AS 44.81.215.

12 * Sec. 26. AS 44.81 is amended by adding a new section to read:

13 Sec. 44.81.215. AGRICULTURAL PROCESSING FACILITIES LOANS. (a)
14 The bank may make a loan for a purpose described in (b) of this section
15 to a corporation, partnership or joint venture which meets the follow-
16 ing conditions:

17 (1) the corporation, partnership or joint venture is a
18 shareholder of the bank;

19 (2) agricultural processing is the primary business of the
20 corporation, partnership or joint venture;

21 (3) the corporation, partnership or joint venture was created
22 or organized in the United States or under the laws of the United
23 States or of a state or territory of the United States;

24 (4) citizens of the United States are the beneficial owners
25 of the majority interest in the corporation, partnership or joint ven-
26 ture; and

27 (5) citizens of the United States are the majority of the
28 owners of the corporation, partners in the partnership or joint ven-
29 turers in the joint venture.

1 (b) A loan under this section may be made to provide financing
2 for

3 (1) the construction or improvement of agricultural proces-
4 sing facilities in the state;

5 (2) the working capital requirements of an agricultural
6 processing facility in the state.

7 * Sec. 27. AS 44.81.350 is amended by adding a new paragraph to read:

8 (5) "agricultural processing facilities" means facilities
9 which process agricultural products and includes but is not limited to
10 port facilities for the storage and shipment of grain, centralized
11 grain handling facilities, slaughterhouses, dairy plants, and vegetable
12 processing plants.

13 * Sec. 28. Within 90 days after the effective date of this Act the
14 governor shall appoint two additional members to the Alaska Soil Conserva-
15 tion Board under AS 41.10.040 amended in sec. 18 of this Act. The initial
16 terms of the additional members shall be two and three years respectively.
17 The present members of the board shall complete their terms of office. All
18 appointments, whether to fill vacancies or the new positions, shall be made
19 so as to bring about the composition of the board provided in AS 41.10.060
20 as amended by sec. 19 of this Act.

21 * Sec. 29. Of the members first appointed by the governor to the Alaska
22 Agricultural Products Board under AS 03.18.010 enacted in sec. 10 of this
23 Act, three members serve for one year, three members for two years, two
24 members for three years, and two members for four years.

25 * Sec. 30. The first report required under AS 03.18.040 by the Alaska
26 Agricultural Products Board enacted in sec. 10 of this Act shall be sub-
27 mitted to the First Session of the Thirteenth Legislature.

28 * Sec. 31. The Department of Health and Social Services may provide to
29 applicants who qualify for state assistance under AS 23.20 or AS 47.25

1 seeds, supplies, and tools for home gardens up to a value of \$100 for each
2 qualifying household.

3 * Sec. 32. AS 29.53.035(d) is repealed.

4 * Sec. 33. AS 03.12 is repealed

5 * Sec. 34. AS 03.10.030(f); AS 03.19; AS 38.05.069(c)(4) and (c)(5) are
6 repealed.

7 * Sec. 35. Section 32 of this Act takes effect January 1, 1982.

8 * Sec. 36. Section 33 of this Act takes effect June 30, 1986.

9 * Sec. 37. Sections 1 - 31 and 34 of this Act take effect July 1, 1981.

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29