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# COMMITTEE REPORT

## HOUSE

2/6/81

FURTHER: FINANCE

(11)

Date: \_\_\_\_\_

Mr. Speaker:

The Committee on RESOURCES has had SSHB 49

"An Act making a special appropriation to the development of Commerce and Economic Development for the Alaska Agricultural Action Council to construct facilities for a small grains marketing system; and providing for an effective date "

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for SSHB 49  same title  
 new title
- and recommends DO PASS
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

**MEMBERS SIGNING  
DO PASS**

Terry Landrum

Frank J. ...

...

D. Smith

Robert A. B. ...

...

**MEMBERS HAVING  
OTHER RECOMMENDATIONS:**

Eric ...

...

Rick ... - NO REC

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Terry Landrum  
- CHAIRMAN

Frank J. ...  
Co-Chairman

# Alaska State Legislature



REPRESENTATIVE  
H. PAPPY MOSS  
P.O. BOX 182  
DELTA JUNCTION, ALASKA 99737  
(907) 895-4384

WHILE IN JUNEAU  
POUCH V  
JUNEAU, ALASKA  
99811  
(907) 465-4990

## House of Representatives

February 19, 1981

The Honorable Terry Gardiner  
The Honorable Fred Zharoff  
Co-Chairmen of House Resources

Dear Mr. Chairman and Members of the Committee:

I would like to thank you and members of the Committee for attending the Joint Senate/House Resources Committee when SSSB 162 was discussed. As you know, SSHB 49 deals with the same subject - a tidewater grain elevator and transfer facility for handling grain grown in Alaska.

I agree with you, that if the State of Alaska wishes to develop its renewable resources, and have this development done by the citizens of the state, we must also be willing to make the commitment to supply the front-end to construct the necessary facilities.

It should also be noted that this appropriation is a loan . . . a loan to the present and future farmers of Alaska. As the production levels increase, the amortization will be assured.

I can not emphasize strongly enough the absolute necessity of this terminal and transfer facility for the continued expansion of agriculture development in the state.

Sincerely,

A handwritten signature in cursive script, appearing to read "Pappy Moss".

H. Pappy Moss

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## House of Representatives

February 16, 1981

The Honorable Bettye Fahrenkamp  
Chairman  
Senate Resources Committee

Madam Chairman:

Re: SSSB 162

The Delta agricultural development project is presently approaching its second year of production. The program established 60,000 acres in the Delta area designated for agriculture production to be sold by lottery. Successful applicants contracted to a schedule of completing one third of the clearing work in the first year, 60% of Class II and III soils prepared to plant by the second year and 90% by the third year.

In 1980, operating ahead of schedule, 7,600 acres were in production, with a harvest of 8,000 tons of barley. In 1981, with the project on schedule, 30,000 acres will be prepared for planting, with fertilizer on order for 16,000 acres.

In-state use will account for approximately 6,000 tons of grain. The state must be prepared to sell 15,000 tons of grain this year. If we are truly interested in the development of agriculture in Alaska, we must plan for an exporting capability.

In 1980, 15 tons of grain were test-marketed to Japan. The product met the quality and price competitiveness criteria for a viable export product. We are already anticipating an increase in tonnage production of over a hundred per cent in one year. The remaining element is transportation.

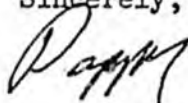
A tidewater facility for loading grains onto ships, railroad cars to transport the grain to tidewater, and a transfer facility in North Pole are necessary. The funds for grain cars have been transferred from another allocation made in 1979 for passenger cars which were never purchased. The remaining two legs of this transportation tripod are the grain elevator at the tidewater location and the transfer facility at North Pole.

February 16, 1981

Markets have already been established in Japan, Korea, and Taiwan. Recently, interest was also expressed by Hawaii. I personally met with three Japanese representatives from Hokkaido who have tested and utilized Alaskan barley. Their present sources are Australia, Canada, and domestic production. These tests show that Alaskan grain is far superior, and they are interested in purchasing 70,000 metric tons per year.

This system -- transfer facility, transportation, and tide water elevator -- is integral to this year's agricultural effort. The system has been well planned, and I would strongly encourage the Committee to approve the funds.

Sincerely,



H. Pappy Moss

# Alaska State Legislature



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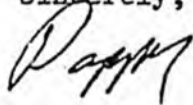
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Sincerely,



H. Pappy Moss

February 7, 1981

Feeding trials with Alaskan barley

Coordinator in Japan: Dr.H.Oohara

1. Chemical analysis of Alaskan barley and Canadian barley
2. Feeding trials with Alaskan barley and Canadian barley

1) beef cattle

(1) Higashimokoto

Alaskan barley 16 heads

Canadian barley 16 heads

Period of feeding ;Dec.8,1980-Feb.12,1981

(2) Kunneppu

Alaskan barley 7 heads

Canadian barley 7 heads

Period of feeding;Dec.9,1980-Feb.11,1981

(3)Shihoro

Alaskan barley 15 heads

Canadian barley 15 heads

Period of feeding;Dec.10,1980-March 10,1981

2) Swine

(1) Kunneppu

1st trial

Alaskan barley 34heads

Canadian barley 26 heads

Period of experiment;Oct.21,1980-Feb.5,1981

2nd trial follows to 1st trial.



HOKKAIDO ALASKA ASSOCIATION

HIDEKI SATOH

CHIEF SECRETARY

KEIZAI CENTER BLDG.,  
NORTH, WEST 2, CHUOKU,  
SAPPORO

EMPLOYMENT: DEPUTY GENERAL,  
INSTITUTION DEPT.,  
THE HOKKAIDO  
TAKUSHOKU BANK LTD.

SHUICHI HONMA

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THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SPONSOR SUBSTITUTE FOR HOUSE BILL 49  
 Title Making a special appropriation to DCED for AAAC for small grains mktg system  
 Requested by \_\_\_\_\_ Date 2/13/81

II. FISCAL DETAIL

Agency Affected Department of Commerce and Economic Development  
 Program Category Affected Economic Development  
 BRU, Program, or Subprogram(s) Affected Alaska Agricultural Action Council  
 (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						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES	6,400.	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.						

TOTAL

FUNDING (Thousands of Dollars)

GENERAL FUND	6,400.	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

We expect the facilities to be constructed will be sold or leased to the private sector, at no further expense to the State.

IV. DATE February 13, 1981 PREPARED BY W. I. "Bob" Palmer  
 AGENCY Alaska Agricultural Action Council  
 PHONE 465-3568  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

TO: All Council Members  
Alaska Agricultural Action Council

DATE: December 15, 1980

FILE NO:

TELEPHONE NO:

FROM: Robert C. Pollock *R.C.P.*  
Executive Director  
Alaska Agricultural Action Council

SUBJECT: Grain Marketing System

One of the major causes for this year's crop damage and the resulting tonnage reduction was late seeding of the barley. This late seeding caused the grain to mature late and make it more vulnerable to frost damage, early snows, and bison.

A professional farmer usually begins planning his season and operational requirements immediately after harvest. Two major obstacles are preventing our State's farmers from proper advance planning - 1. no marketing system and 2. bison damage.

Without at least a good indication of a marketing system, you can expect the following:

1. Potential acreage in production will be greatly reduced because farmers will not be able to plan far enough in advance.
2. The chance of another poor quality crop will be increased because of late seeding.
3. There will be a shortage of both seed and fertilizer because Alaska Farmers Cooperative, Inc. will not be able to adequately plan and order supplies.
4. There may be a shortage of farm machinery because neither farmers nor dealers will stock sufficient equipment.
5. There will definitely be a shortage of grain storage.

At the direction of the Alaska Agricultural Action Council, our farmers have spent considerable time exploring various marketing systems and have unanimously decided to pursue a cooperative-pooling arrangement as described by Greg Engellant at the last Alaska Agricultural Action Council meeting. I've enclosed a draft of the legislation they intend to introduce to the legislature. The Alaska Grain Exchange has been meeting with various legislators and soliciting support from many areas.

Please analyze their proposed legislation and be prepared to discuss it at the next Alaska Agricultural Action Council meeting.

DRAFT

For an Act entitled: The Non-Recourse Loan Program for Small Grains.

Section 1. INTENT. The legislature finds that there is a need to develop agriculture in the State of Alaska and, furthermore, the prompt establishment of a marketing system is necessary to promote the orderly growth of agriculture.

Section 2. AS 03.19.010 is repealed and re-enacted as follows:

ESTABLISHMENT OF A PROGRAM. The division of agriculture shall establish and administer a loan program for small grains according to the provisions of this chapter. The Division of Agriculture may operate the facilities obtained or constructed pursuant to this chapter or may lease said facilities or a portion of them to farm co-ops, the Alaska Grain Exchange, or any other suitable entity.

Section 3. AS 03.19.020 is repealed and re-enacted as follows:

TIDEWATER GRAIN TERMINAL. The sum of 5.7 Million Dollars is appropriated from the general fund to the Agricultural Action Council for the construction of a tidewater grain terminal.

Section 4. AS 03.19.030 is repealed and re-enacted as follows:

GRAIN RAILROAD CARS. The sum of 800 Thousand Dollars is appropriated from the general fund to the Agricultural Action Council to purchase and obtain railroad cars designed for the transport of small grains.

Section 5. AS 03.19.040 is repealed and re-enacted as follows:

GRAIN SUB-TERMINAL. The sum of 700 Thousand Dollars is appropriated from the general fund to the Agricultural Action Council for the construction of a grain sub-terminal and elevator facility between Fairbanks and Delta Junction, Alaska.

Section 6. AS 03.19.050 is repealed and re-enacted as follows:

42 /

non-profit corporation, for organization and operation of a marketing system to purchase and resell agricultural commodities grown in Alaska.

Section 7. AS 03.19.060 is repealed and re-enacted as follows:

NON-RECOURSE GRAIN LOANS. The sum of 8 Million Dollars is appropriated from the general fund to the Agriculture Revolving Loan Fund to be kept in a special interest-bearing account and used for a non-recourse farm program as a means for providing for orderly marketing of grain products grown in Alaska. The loan amount shall be made on a per ton basis and shall be in an amount equal to the difference between the current local Federal non-recourse loan level and the current Federal target price for the particular commodity; thereby establishing within Alaska the Federal target price as the effective loan level.

Section 8. AS 03.19.070 is repealed and re-enacted as follows:

REGULATIONS. The director shall promulgate regulations and policies to carry out the purposes of this chapter, including but not limited to regulations adequate to insure (1) the equitable rights of participation in the program; (2) the issuance of non-recourse loans to participants; and (3) the privilege of appeal to a higher administrative level where the producer has information leading to the conclusion of inequitable treatment or denial of rightful program benefits.

Section 9. AS 03.19.080 shall be enacted as follows:

ADMINISTRATION. (a) The director may with the concurrence of the commissioner of the Department of Natural Resources enter into a cooperative agreement with the Agricultural Stabilization and Conservation Service, of the United States Department of Agriculture, to delegate to the service part

*over*

(b) In the absence of a cooperative agreement with the United States Department of Agriculture the provisions of this chapter shall be carried out by the Alaska Grain Exchange.

Section 10. AS 03.19.090 shall be enacted as follows:

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

Section 11. AS 03.19.100 shall be enacted as follows:

DEFINITIONS. In this chapter "director" means the director of the division of agriculture.

*all effecting dates will be immediate*



# Alaska State Legislature

## House of Representatives

### Committee on Resources

Terry Gardiner, Co-Chairman  
Fred F. Zharoff, Co-Chairman  
465-3715

Pouch V  
State Capitol  
Juneau, Alaska 99811

To: House Resource Committee Members  
From: Mary Hakala, A.A. to Resource Committee *M.H.*  
Date: February 19, 1981  
Re: SS HB 49

Following is a possible amendment to SSHB 49 which the committee may wish to consider.

Line 12. Delete \$6,400,000, insert in its place \$6,700,000  
Line 16. Delete \$5,700,000, insert in its place \$6,000,000

The latest cost estimate provide to the Senate and House Resources Committees for construction of the grain terminal is \$5.8 million. Given the variability of cost estimates, and the need for adequate funding to ensure the completion of this project by fall of 1981 a \$6.0 million figure may be better. The Senate Resource Committee has amended the Senate version of the bill (SSSB 162) in this manner.

MEMORANDUM

TO: Alaska Agricultural Action Council

FROM: The Alaska Agricultural Action Council Transportation Committee

DATE: February 11, 1981

SUBJECT: Committee's conclusion on location of grain port terminal elevator.

The construction of a grain export terminal at tidewater is of paramount importance to the continued development of Alaska's agriculture. The decision of site location can severely affect the short term economics of our agriculture because of the low volumes of initial development. The committee would like to note that certain technical expertise was not available, particularly in the area of underground geography of various sites and exact influence various sites will have on ocean freight rates. The Alaska Agricultural Action Council may wish to pursue these questions prior to making a formal decision. Based on the best information available, the committee is prepared to offer our recommendation.

The grain port terminal should be constructed at the Port of Anchorage provided that cost of site preparation and facility construction not exceed \$2 million over similar cost at the Port of Seward. This potential cost differential should be estimated as soon as possible by a competent engineering and design firm.

The committee's conclusion is based principally on projected tonnages for 10 years, additional transportation costs to Seward, and the desire to insure the best possible conditions for competition.

Valdez and Whittier were eliminated principally because of the absence of multi-modal transportation corridors which would eliminate all possibility of competition between transportation modes.

POINTS FOR AND AGAINST THE PORT OF ANCHORAGE

For:

1. Anchorage is the closest point to the present and future major production areas of the State. (Delta Junction, Nenana, and Point MacKenzie);
- ? 2. A larger service area exists;
3. The conditions surrounding road and rail routes offer a better competitive scenario;
4. Power, at present, is the least expensive in Alaska;

Bob Palmer  
Hand Writing

*Assuming ship rates into Anch. are equal to Seward.*

*Campbell export product*

- 5. Anchorage has a greater possibility of serving as a distribution point for the agricultural industry in southcentral;
- ? 6. A complete port management system is in place.

Against:

- 1. There may be access problems to the dock due to icing, siltation and tidal variation;
- ✓ 2. Location of a grain terminal in a major population center may cause environmental concerns;
- 3. Depending on site location, construction costs in Anchorage may exceed those in Seward;
- ✓ 4. The Port of Anchorage offers limited possibilities for expansion.

*Seward rental fee for the site.*

POINTS FOR AND AGAINST THE PORT OF SEWARD

- 1. The Port of Seward would appear to be a better port facility for major shipping;
- 2. Seward has a low population density which may not raise environmental concerns;
- 3. The Port of Seward has a good area for expansion;
- 4. The construction cost may be lower in Seward specifically for site preparation and due to a location in closer proximity to the water.

Against:

- 1. There is a \$2/ton minimum cost differential favoring Anchorage over Seward;
- ? 2. There is a longer turn-around-time for railcars in Seward;
- ? 3. The road conditions and distance to Seward are not favorable for competition between transportation modes;
- ? 4. There is no tugboat available in Seward;
- ? 5. Seward offers a smaller service area;
- ? 6. There is a greater possibility of road and rail closure due to avalanche into Seward than there is into Anchorage.

Sincerely,

---

Robert C. Pollock - Chairman  
Export/Transportation Committee

---

Lyle W. Carlson

---

Carol E. Lewis

---

Ronald S. Walt *Trans. Trade Specialist*

---

William R. Wood

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