SCOMM

#34:36

Offered: 5/12/83

Original sponsor: Moss

IN THE SENATE BY THE RULES COMMITTEE

CS FOR SENATE BILL NO. 124 (Rules)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act amending the Alaska Agricultural Loan Act (AS 03.10); and providing for an effective date."

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

* Section 1. AS 03.10.030(a)(1) is amended to read:

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

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

(c) A short term loan, to be amortized within one year, not to exceed $350,000 [$200,000] to any one borrower may be made for operating purposes, except that a loan made under this subsection may not exceed $200,000 unless the loan is made to a borrower in a farm disaster area declared under AS 03.10.058.

* Sec. 3. AS 03.10 is amended by adding a new section to read:

Sec. 03.10.058. FARM DISASTER AREA. The governor may declare a farm disaster in an area of the state if a natural disaster causes a crop failure.

* Sec. 4. This Act takes effect immediately in accordance with AS 01.-10.070(c).

FISCAL NOTE | Revision Date , 1983

I. REQUEST

Bill/Resolution No.: CSSB 124 (Rules)
Title: Amending the Alaska Ag. Loan Act
Sponsor: Moss
Requestor:

II. FISCAL DETAIL

Agency Affected: Natural Resources
Program Category Affected: Agriculture
BRU, Program of Subprogram(s) Affected: Agricultural Revolving Loan Fund

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		-0-	-0-	-0-		
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Sharon Barton | Phone: 465-2400
Division: Commissioner's Office | Date: 5-17-83

Approved by Commissioner: Norman D Arnold, Deputy | Date: 5-17-83
Department: Natural Resources

Distribution:
Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

3/8/8

V. REVOLVING LOAN FUND

Whereas, the loan fund has experienced a shortage of capital to lend to developing agriculture in Alaska; be it resolved that the Convention of Alaskan Farmers request the following changes be made:

1. The legislature reinstate the loan funds former ability to sell off some of its loans to the Department of Revenue.

2. The ceiling on the size of the loan fund be removed.

3. The probable impact on the loan fund of each new agricultural land disposal be assessed and then new funds be transferred to the R.L.F. at the time of each new agricultural land disposal.

Whereas, first mortgage rights are not available on Agricultural lands with state clearing loans and land purchase contracts; be it resolved that the Convention of Alaskan Farmers requests the state subordinate this first mortgage position to other agricultural on-farm loans.

Whereas, developing agricultrue is a higher than normal risk and the R.L.F. will reflect this by higher than normal bank accepted delinquency; be it resolved the Legislature direct the Legislative Budget and Audit Committee to take this into consideration when making a determination that legislative intent is being carried out.

Whereas, the loan fund board does not appear to be responsive to all areas of the state; be it resolved the Convention of Alaskan Farmers requests the following changes be made:

1. Length of service on the board be established at two years with one half of the board elected each November.

2. The board members be elected by the farmers with (R.L.F.) loans. ASCS county

3. That no more than one board member be from each soil ~~subdistrict.~~

4. A loan applicant have the privilege of personal appearance before the board at the next regularly scheduled meeting after his loan has been rejected.

5. The board establish regularly scheduled monthly meetings at a predetermined time and place, and that at least once each year a regularly scheduled meeting is to be held at the location of each loan office.

Whereas, the loan officers do not appear to be adequately familiar with the farmers' requirements; be it resolved the Convention of Alaskan Farmers requests the following changes:

1. The number of loan officers be increased to adequately service loan applicants and administer each loan in a timely manner.

2. A loan officer is to have regularly scheduled visits to each farming area of the state where a loan office does not exist.

Whereas, the loan fund policy does not appear consistent throughout the state and from year to year; be it resolved the Convention of Alaskan Farmers requests the following:

1. A five year plan be required of each applicant and once approved, the R.L.F. commits to fund that plan if funds are available and if the plan is adhered to.

V. REVOLVING LOAN FUND - PAGE TWO

Whereas, the loan fund has restrictive limits; be it resolved the Convention of Alaskan Farmers recommends that the limits be removed and that each loan request be judged on its own merits.

Whereas, a conflict of interest can occur in any program dispersing public funds; be it resolved the Convention of Alaskan Farmers request the R.L.F. should adopt written policy governing such conflict.

MEMORANDUM State of Alaska

MAR 14 1983

TO: The Honorable Bettye Fahrenkamp
Alaska State Senate

DATE: March 14, 1983

FILE NO:

TELEPHONE NO:

FROM: Sharon L. Barton
Special Assistant
Department of Natural Resources

SUBJECT: SB 124 \ HB 274

While the Department does not have a big problem with the $300,000 operating loan limit, we feel that under normal circumstances the $200,000 is still sufficient. The ARLF Board concurs in this view. As an alternative to raising the maximum, we recommend leaving in the disaster provision of SB 124 and expanding it to authorize the waiving or raising of the $200,000 maximum in case of a declared area disaster. To accomplish the purpose of this legislation, language should be drafted in such a way that offers relief in the current situation at Delta.

APPENDIX A

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF AGRICULTURE
AGRICULTURAL REVOLVING LOAN FUND
TYPE OF LOANS AND TERMS
For the Fiscal Year Ended June 30, 1982

Loan Types and Terms

As specified by AS 03.10.030, the following six types of loans are made:

Type	Limit	Current Interest Rate	Terms	Purpose
Short-term	$200,000	Not addressed	1 year	Operation of farm
Chattel	Total outstanding balance may not exceed $1,000,000 when added to other loans	(Note 1)	30 years	Animals, equipment
Farm Development			30 years	Land, improvements, buildings
Irrigation			30 years	Irrigation equipment
Farm Product Processing	$250,000	Not less than 8%	30 years	Processing of agricultural products
Land Clearing	$250,000	Not less than 8%	20 years	Clear land for planting

Note 1: Chapter 113, SLA 1982, effective June 25, 1982, amended the statutory interest rate to not less than eight percent or more than commercial rate, unless the commercial rate is eight percent or less. The Commissioner may establish interest rates for loans within these statutory guidelines.

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

(3) adopt rules and regulations necessary to carry out its functions;

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

(5) enter into agreements with private lending institutions, other state agencies or agencies of the federal government, to carry out the purposes of this chapter. (§ 4 ch 122 SLA 1953; am § 1 ch 156 SLA 1955; am § 1 ch 41 SLA 1961; am § 1 ch 113 SLA 1982)

Effect of amendments. — The 1982 amendment, effective June 25, 1982, inserted "clearing land for agricultural purposes" in paragraph (1).

Sec. 03.10.030. Limitations on loans. (a) A farm development, chattel, or irrigation loan made under this chapter

(1) may not exceed a term of 30 years;

(2) may not, when added to the outstanding balance of other loans made under this chapter, exceed a total outstanding balance of $1,000,000;

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

(4) shall bear interest at a rate that may not be less than eight percent or more than the commercial rate, unless the commercial rate is eight percent or less; in this paragraph "commercial rate" means the prevailing rate of interest at private lending institutions in the state for loans similar to those referred to in this subsection.

(b) Repealed by § 72 ch 113 SLA 1982.

(c) A short term loan, to be amortized within one year, not to exceed $200,000 to any one borrower may be made for operating purposes.

(d) Repealed by § 72 ch 113 SLA 1982.

(e) An installment payment is delinquent unless it is mailed by the borrower on or before the 30th day after the date specified for payment in the loan agreement or unless it is received by the department on or before the 30th day after the date specified for payment in the loan agreement. If an installment payment is delinquent, the director may assess a delinquency penalty. The delinquency penalty shall be an amount equal to seven percent of the delinquent payment, but the combined delinquency penalty and loan interest may not exceed 15 percent.

(f) A farm product processing loan may not exceed $250,000. A mortgage which secures a farm product processing loan may be of any priority if the total indebtedness on the real estate, including the secured farm product processing loan, does not exceed $250,000. A farm product processing loan which, if made, would raise the existing

MAR 14 1983

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: CSSB 124 Date on Bill: 2-14-83

Title: An Act amending the Alaska Agricultural Loan Act etc.

Sponsor: Moss

Requestor:

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86
(Capital)				
(Operating				
(Total		-0-	-0-	-0-

b. Revenues:

Revenue				

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

4. Disclaimer:
This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Sharon Barton Phone: 465-2400

Division: Commissioner's Office Date: 3-15-83

Approved by Commissioner: [signature] Date: 3-15-83

Department: Natural Resources

5. Distribution:
Original to Legislative Finance
Copy to OMB
Copy to Sponsor
Copy to Requestor

3/15/83

Alaska State Legislature

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POUCH V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

TO: Senate Resources Committee Members

FROM: Senate Resources Committee Staff

RE: Committee Substitute for SB 124,
Amending the Alaska Agricultural Loan Act

DATE: March 11, 1983

Attached is a Committee Substitute for SB 124 which will be considered by the Committee at a meeting which will be held Monday, March 14 at 3:00 p.m. in the Beltz Room.

The Committee Substitute contains only the following provisions:

1) reduces the terms for chattel loans from 30 years to 7 years maximum;

2) increases the maximum short term loan for operating purposes from $200,000 to $300,000

The first provision was supported by the Administration and the bill's sponsor as being consistent with the normal life of "chattel". The second provision is intended to provide short-term relief for those farmers who cannot borrow additional monies for seed this spring without exceeding the maximum short-term borrowing limits.

All provisions relating to reduction in interest rates and changes in the composition and operations of the Loan Board were deleted.

It is hoped that final Committee action could be taken on SB 124 at the Monday meeting.

LOAN RESUME AS OF MARCH 31 1983

AREA/LOANS			% OF FUNDS LOANED	LOAN BALANCE	(8) (AUDITOR'S METHOD) DELINQUENCY		(10) DELINQUENCIES - OVER 30 DAYS AMOUNT	%OF AREA	%OF TOTAL
MATANUSKA AREA									
Active	74 Borrowers	170 Loans		12,200,620.24	2,352,344.43		586,600.63	4.75	1.62
AG Referral	2 Borrowers	2 Loans		145,642.62	145,642.62		63,286.33	.51	.17
Area Totals	76 Borrowers	172 Loans	34.08	12,346,262.86	2,497,987.05	20.23%	649,886.96	5.26	1.79
	30%								
DELTA AREA									
Active	87 Borrowers	253 Loans		16,745,873.10	6,813,383.81		3,788,689.63	20.67	10.46
AG Referral	7 Borrowers	41 Loans		1,581,192.34	1,471,422.34		1,195,770.79	6.52	3.30
Area Totals	94 Borrowers	249 Loans	50.59 (6)	18,327,065.44 (7)	8,284,806.15	45.21%	4,984,460.42	27.19	13.76 (12)
	37% (5)								
TANANA AREA									
Active	39 Borrowers	81 Loans		2,397,246.26	361,136.77		124,457.68	5.14	.34
AG Referral	1 Borrowers	2 Loans		23,711.35	23,711.35		32,374.49	1.34	.09
Area Totals	39 Borrowers	83 Loans	6.68	2,420,957.61	384,848.12	15.90%	156,832.17	6.48	.43
	16%								
KENAI AREA									
Active	30 Borrowers	61 Loans		2,176,099.12	971,326.13		150,660.01	6.92	.42
AG Referral	0 Borrowers	0 Loans		.00	.00		.00	.00	.00
Area Totals	30 Borrowers	61 Loans	6.01	2,176,099.12	971,326.13	44.64%	150,660.01	6.92	.42
	12%								
OTHER AREAS									
Active	13 Borrowers	21 Loans		631,200.41	305,179.40		101,571.73	10.63	.28
AG Referral	1 Borrowers	6 Loans		324,630.02	324,630.02		278,299.07	29.12	.77
Area Totals	14 Borrowers	27 Loans	2.64	955,830.43	629,809.42	65.89	379,870.80	39.75	1.05
	5%								
TOTALS									
Active	*241 Borrowers	586 Loans		34,151,039.13	10,803,370.54		4,751,979.68		13.12
AG Referral	11 Borrowers	41 Loans		2,075,176.33	1,965,406.33		1,569,730.68		4.33
TOTALS (1)	252 Borrowers (2)	627 Loans	100.00	(3) 36,226,215.46	12,768,776.87 (9)	35.25%	6,321,710.36		(11) 17.45
2 Borrowers have loans in another area									
Kodiak Slaughterhouse Loans (4)				133,292.91	133,292.91		15,179.00		
Alaska Farmers Cooperative, Inc., Loans				1,350,000.00					
TOTAL LOANS ADMINISTERED BY ARLF				37,709,508.37	12,902,069.78		6,336,889.36		

ARLF maintains 3% percent reserve
defaults in last two years has been 1%
only one loan last year written off;
that was for $60,000

FISCAL SUMMARY OF LOAN FUND

YEAR	APPROPRIATION	TOTAL FUND SIZE	STATUTOR AUTHORIZATION AND CHANGES
1953	$200,000	$ 200,000	Fund created; authorized up to $1,000,000 short-term loans not to exceed $2,000 on 1-year terms at 6%; chattel loans not to exceed $10,000 for 5-year terms at 5%; farm development loans not to exceed $15,000 with up to 20 years at 4.5%.
1955	150,000	350,000	Farm development limit raised to $20,000 maximum.
1957	125,000	475,000	
1959	100,000	575,000	
1960	75,000	650,000	
1961	200,000	850,000	Authorized Fund increased to $2,000,000; short-term limit $5,000; chattel limit $25,000; farm development to $40,000.
1962	200,000	1,050,000	
1964			Authorized to utilize TR and PER Funds
1966	45,000	1,095,000	Short-term limit raised to $10,000; chattel limit increased to $40,000 for 7 years at 6%; farm development limit raised to $50,000 for 30 years at 5%.
1967	45,000	1,140,000	Short-term limit raised to $15,000; farm development limit raised to $75,000 and 6%.
1968	300,000	1,140,000	
1969	100,000	$1,540,000	
1970	500,000	2,040,000	Special irrigation fund established with up to 20 years at 4%; chattel limits raised to $100,000; farm development limits raised to $150,000; authority to sell loans to Department of Revenue.
	800,000	2,840,000	Fund limits raised to $5,000,000
1971	200,000	3,040,000	Agreement w/Commissioner for sale/purchase of loans @ 1/2 of 1% service fee.
1974 FY75	200,000	3,240,000	Additional appropriation. Short-term loan limits raised to $25,000. Farm Development loans to 6%.
1975 FY76	200,000	3,440,000	Farm Development authorization to $200,000.

FISCAL SUMMARY OF LOAN FUND

YEAR	APPROPRIATION	TOTAL FUND SIZE	STATUTORY AUTHORIZATION AND CHANGES
1976 FY77	$ 200,000	$3,640,000	Loan Board re-established.
1977 FY78	400,000	4,040,000	Irrigation loan interest increased to 6% from 4% 1/1/78.
1978 FY79	200,000	4,240,000	Farm Development authorization to $500,000; Chattel to $300,000; Operating to $100,000; AS 03.10.030(e) (15-day delinquency, 7% penalty provision) added. 03.10.035, Use or Disposal of Mortgaged Farm Land introduced to the Act. Chapter 50, SLA 1979
1979	4,000,000		
FY80	(1,200,000)		Taken for fire fighting
	2,800,000	7,040,000	
1980 4/80	6,800,000	13,840,000	Effective 6/21/80, AS 03.10.030(f) added (Farm Product Processing Loans @ max. $2,500,000) Repeal of authority to sell loans by Sec. 14 ch 122 SLA 1980.
FY81 1981	6,160,000	20,000,000	Available for loan making 8/80.
	8,500,000	28,500,000	Available 6/81
FY 82	14,000,000	42,500,000	Appropriated Ch. 82, Sec. 14, SLA 81, eff. 7/1/81 per Sec. 19.
FY 83	10,000,000	52,500,000	

Please return this form to:

Leslie Longenbaugh
House Research Agency
Mail Stop 31001 465-3991

OCT - 4 1982

Division of Agriculture

AGRICULTURAL REVOLVING LOAN FUND

Attn: ~~Courtney~~ Rich Rusteck

1st QUARTER FY 83

LOAN PROGRAM QUARTERLY INFORMATION SHEET

LOANS (BY TYPE)	NO. OF APPLICATIONS DENIED	$ AMOUNT OF APPLICATIONS DENIED	NO. OF LOANS APPROVED	$ AMOUNT OF LOANS APPROVED	INTEREST RATE CHARGED
Farm Product Processing	1	194,000.00	1	250,000.00	8
Farm Development	2	566,000.00	10	499,419.00	8
Chattel Loans (other than irrigation)	2	332,000.00	11	338,801.00	8
Operating Loans	1	10,000.00	9	522,610.00	8
Irrigation Systems	0	0	0	0	8
TOTALS	6	1,102,000.00	31	1,621,850.00	

TOTAL NO. OF LOANS OUTSTANDING TO DATE: 611

TOTAL LOANS CLOSED IN FY 83: 24

TOTAL $ AMOUNT OF PRINCIPAL OUTSTANDING: 33,540,112.78

$ AMOUNT OF LOANS IN FY 83: 996,153.89

Dear Rich
Please send comments to me on this. S Barton

Agricultural Revolving Loan Fund

House Research Agency
Loan Program Quarterly Information Sheet

DELINQUENCY

	0-30 DAYS #	0-30 DAYS $	31-60 DAYS #	31-60 DAYS $	61-90 DAYS #	61-90 DAYS $	91+ DAYS #	91+ DAYS $	Loans in Default* #	Loans in Default* $ Amount
Farm Product Processing				0		0		0		0
Farm Development			5	74,449.	8	51,462	24	331,762	4	71,434.
Chattel Loans (other than irrigation)			4	72,611.	8	44,630.	36	750,534	9	217,876.
Operating Loans			7	396,336.	13	441,107.	42	1,767,123.	8	140,696.
Irrigation Systems				0	1	378.	4	123,207.		
TOTALS			16	543,396.	30	537,577.	106	2,972,626.	21	430,007.

TOTAL NO. OF DELINQUENT LOANS: 173

TOTAL $ AMOUNT OF DELINQUENT LOANS: 4,483,604.83

*Loans in default are defined as delinquent loans that have been turned over to counsel for legal action.

House Research Agency
Loan Program Quarterly Information Sheet

RANGES OF LOANS APPROVED

NUMBER OF LOANS (BY TYPE)	$0-100,000	$100-500,000	$500,000-2.5 million
Farm Product Processing	0	1	0
Farm Development	8	0	0
Chattel Loans (other than irrigation)	8	0	0
Operating Loans	7	0	0
Irrigation Systems	0	0	0
TOTALS	23	1	0

AGRICULTURAL REVOLVING LOAN FUND

Please return this form to:

Attn: Rich Rusteck

Leslie Longenbaugh
House Research Agency
Mail Stop 31001 465-3991

2nd QUARTER FY 83

LOAN PROGRAM QUARTERLY INFORMATION SHEET

	NO. OF APPLICATIONS DENIED	$ AMOUNT OF APPLICATIONS DENIED	NO. OF LOANS APPROVED	$ AMOUNT OF LOANS APPROVED
Farm Product Processing	1	15,000.00	1	150,000.00
Farm Development	11	1,178,618.00	12	1,294,594.00
Chattel Loans (other than irrigation)	12	1,626,132.00	16	769,481.00
Operating Loans	10	915,400.00	19	389,862.00
Irrigation Systems	0	0	0	0
Clearing	0	0	0	0
TOTALS	34	3,735,150.00	48	2,603,937.00

TOTAL NO. OF LOANS OUTSTANDING TO DATE: 622

TOTAL LOANS APPROVED IN FY 83: 60

TOTAL $ AMOUNT OF PRINCIPAL OUTSTANDING: $36,279,993.04

$ AMOUNT OF LOANS IN FY 83: $2,731,698.16

Agricultural Revolving Loan Fund

House Research Agency
Loan Program Quarterly Information Sheet

DELINQUENCY

	0-30 DAYS		31-60 DAYS		61-90 DAYS		91+ DAYS		Loans in Default*	
	#	$	#	$	#	$	#	$	#	$ Amount
Farm Product Processing			0		0		0		0	
Farm Development			6	58,671.	6	107,925	31	470,619	4	233.005.
Chattel Loans (other than irrigation)			5	76,847.	9	113,006	39	920,760	8	224,252.
Operating Loans			4	66,581.	4	290,054	48	1,945,714	7	125,403.
Irrigation Systems			0		0		1	104,209	0	
Clearing			0		0		0		0	
TOTALS			15	202,100	19	510,985	119	3,441,211	19	582,659.

TOTAL NO. OF DELINQUENT LOANS: 172

TOTAL $ AMOUNT OF DELINQUENT LOANS: $4,736,954.77

*Loans in default are defined as delinquent loans that have been turned over to counsel for legal action.

House Research Agency
Loan Program Quarterly Information Sheet

RANGES OF LOANS APPROVED

	$0-100,000	$100-500,000	$500,000-2.5 million
Farm Product Processing	0	1	0
Farm Development	9	3	0
Chattel Loans (other than irrigation)	15	1	0
Operating Loans	14	1	0
Irrigation Systems	0	0	0
Clearing	0	0	0
TOTALS	38	6	0

Agricultural Revolving Loan Fund

Please return this form by April 29 to:

Attn: Richard Rusteck

Leslie Longenbaugh
House Research Agency
Mail Stop 3100 465-3991

3rd QUARTER FY 83

LOAN PROGRAM QUARTERLY INFORMATION SHEET

	NO. OF APPLICATIONS DENIED	$ AMOUNT OF APPLICATIONS DENIED	NO. OF LOANS APPROVED	$ AMOUNT OF LOANS APPROVED
Farm Product Processing	1	10,000.00	0	0
Farm Development	6	166,016.00	8	199,081.00
Chattel Loans (other than irrigation)	2	253,207.00	14	569,725.00
Operating Loans	3	108,000.00	25	701,270.00
Irrigation Systems	0	0	0	0
Clearing	0	0	2	37,600.00
TOTALS	12	537,223.00	49	1,507,676.00

TOTAL NO. OF LOANS OUTSTANDING TO DATE: 627

TOTAL $ AMOUNT OF PRINCIPAL OUTSTANDING: $37,709,508.37

TOTAL LOANS CLOSED IN FY 83: 94

$ AMOUNT OF LOANS IN FY 83: $4,502,211.13

Agricultural Revolving Loan Fund

DELINQUENCY

	1-30 DAYS #	1-30 DAYS $	31-60 DAYS #	31-60 DAYS $	61-90 DAYS #	61-90 DAYS $	91+ DAYS #	91+ DAYS $	Loans in Default* #	Loans in Default* $ Amount
Farm Product Processing			0	0	0	0	0	0	0	0
Farm Development			7	12,157. (.03%)	3	7,608. (.02)	30	988,686. (2.6%)	15	401,179. (1.06)
Chattel Loans (other than irrigation)			5	6,789. (.01%)	1	438. (-)	48	2,073,978. (5.4%)	18	559,166. (1.48)
Operating Loans			2	57,037. (.15%)	2	49,337. (.13)	51	2,491,308. (6%)	13	498,993. (1.32)
Irrigation Systems			1	252. (-)	0	0	1	13,085. (.04)	1	105,392. (.28)
Clearing			0	0	0	0	0	0	0	0
TOTALS			15	(.2%) 76,235.	6	(.15%) 57,382.	130	(12.14) 4,579,359.	47	(4.1) 1,564,731.

TOTAL NO. OF DELINQUENT LOANS: ~~198~~ 151

TOTAL $ AMOUNT OF DELINQUENT LOANS: ~~$6,277,706.90~~ $4,712,976. [12.50%]

Delinquent + Default - 198
$6,277,706.90 [16.6%]

*Loans in default are defined as delinquent loans that have been turned over to counsel for legal action.

Agricultural Revolving Loan Fund

DELINQUENCY

	1-30 DAYS		31-60 DAYS		61-90 DAYS		91+ DAYS		Loans in Default*	
	#	$	#	$	#	$	#	$	#	$ Amount
Farm Product Processing			0	0	0	0	0	0	0	0
Farm Development			7	12,157.	3	7,608.	30	988,686.	15	401,179.
Chattel Loans (other than irrigation)			5	6,789.	1	438.	48	2,073,978.	18	559,166.
Operating Loans			2	57,037.	2	49,337.	51	2,491,308.	13	498,993.
Irrigation Systems			1	252.	0	0	1	13,085.	1	105,392.
Clearing			0	0	0	0	0	0	0	0
TOTALS			15	76,235.	6	57,382.	130	4,579,359	47	1,564,731.

TOTAL NO. OF DELINQUENT LOANS: 198

TOTAL $ AMOUNT OF DELINQUENT LOANS: $6,277,706.90

*Loans in default are defined as delinquent loans that have been turned over to counsel for legal action.

NUMRER OF LOANS APPROVED, RY RANGE

	$0-100,001	$100,001-$500,000	$500,000-1 million
Farm Product Processing	0	0	0
Farm Development	7	0	1
Chattel Loans (other than irrigation)	13	1	0
Operating Loans	25	0	0
Irrigation Systems	0	0	0
Clearing	2	0	0
TOTALS	47	1	1

Offered: 4/11/83
Referred: Finance

Original sponsors: Shultz, Lacher,
Larson and Koponen

HB 276

IN THE HOUSE BY THE RESOURCES COMMITTEE

CS FOR HOUSE BILL NO. 276 (Resources)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act amending the Alaska Agricultural Loan Act; and providing for an effective date."

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

* Section 1. AS 03.10.030(a)(1) is amended to read:

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

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

(c) A short term loan, to be amortized within one year, not to exceed $300,000 [$200,000] to any one borrower may be made for operating purposes.

* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.070(c).

Introduced: 3/18/83
Referred: Resources and Finance

HB 276

BY SHULTZ, LACHER, LARSON AND KOPONEN

IN THE HOUSE

HOUSE BILL NO. 276

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act amending the Alaska Agricultural Loan Act; and providing for an effective date."

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

* Section 1. AS 03.10.030(a)(1) is amended to read:

(1) may not exceed a term of 30 years, except that a chattel loan may not exceed a term of 15 years;

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

(c) A short term loan, to be amortized within one year, not to exceed $350,000 [$200,000] to any one borrower may be made for operating purposes.

* Sec. 3. This Act takes effect immediately in accordance with AS 01.-10.070(c).

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST

Bill/Resolution No.: HB 276
Title: An act extending the ag loan act
Sponsor: Schultz and others
Requestor:

II. FISCAL DETAIL

Agency Affected: DNR
Program Category Affected: ARLF
BRU, Program of Subprogram(s) Affected:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		-0-	-0-	-0-		
CAPITAL		-0-	-0-	-0-		
REVENUE		-0-	-0-	-0-		

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Sharon Barton
Phone: 465-2400
Division: Commissioner's Office
Date: 4-7-83

Approved by Commissioner:
Date: 4-7-83
Department: Natural Resources

Distribution:
Original to Legislative Finance
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ANALYSIS OF HB 276

HB 276

1. The amendment under Section 1, AS 03.10.030 adds <u>except that a chattel loan may not exceed a term of seven years</u>.

This addition makes the statute more consistent with other loaning programs. Chattel mortgages are usually secured by farm equipment and the average life of most equipment is seven years.

2. The amendment under Section 2, AS 03.10.030(c) increases the borrowing capacity of the farmer from $200,000 to $300,000.

BACKGROUND OF HB 276

HB 276

This bill was introduced at the request of farmer constitutents in the Delta area who found inadequacies in Statute AS 03.10.030. In 1981 there was a crop failure - this happens in one of every five years. That year there was a heavy early snow fall that ruined the crop. Also that same year funding of loans for planting was delayed. These incidents prevented many of the farmers from paying back their revolving loans and since the credit limit for loans under this statute was $200,000 they could not refinance enough to get a crop planted the next year. Some lost as much as $150,000 due to this bad season. At that time it was impossible for the farmers to get crop insurance. The barley farming was so new that the insurance companies did not have any experience factor to use and so it was unavailable. By increasing the line of credit to $300,000, the farmers will be able to refinance in the event of an emergency and continue the operation of planting and harvesting. Also this increase in borrowing capacity will enable those farmers who have increased their tillage since 1981 to adequately meet their planting needs.

The following individuals are expected to testify on CS HB 276 (Resources):

HB 276

Representative Dick Shultz, prime sponsor

Sharon Barton, Special Assistant to the Commissioner, Department of Natural Resources will be available to answer questions

COMMITTEE REPORT

HOUSE

FURTHER:

HB 276

Date: _____

Mr. Speaker:

The Committee on FINANCE has had HB 276

An Act amending the Alaska Agricultural Loan Act; 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 _____ [ ] same titl
[ ] new title

and recommends _____

[ ] AND attaches a "Letter of Intent" [ ] New Fiscal Note
[X] Zero Fiscal Note Attached

[ ] reports it back without recommendation

[ ] referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

_____
CHAIRMAN

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

POUCH M
JUNEAU, ALASKA 99811
PHONE: (907) 465-2400

March 31, 1983

HB 276

The Honorable Richard Shultz
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Representative Shultz:

In preparation for the House Resources Committee hearing on HB 276, I would like to offer the following comments on behalf of the Department of Natural Resources:

1. The proposed legislation reduces the term for chattel loans from thirty to ten years. While the Department supported the reduction of term to seven years in SB 124, we believe that fifteen years will exceed the expected useful life of most chattel. Therefore, we would prefer a term of seven years.

2. We support raising the maximum to $300,000 (as proposed in SB 124) or $350,000 for operating loans, since that would allow the Board the flexibility to offer larger loans if an operation is large enough to warrant that amount. It should be noted, however, that the $200,000 maximum represents more than the maximum recommended debt burden for short term monies at the expected level of production on any one farm unit at Delta this year.

If the objective of HB 276 is to offer relief in the current situation at Delta, we would further recommend a disaster provision authorizing the Department to waive or extend the operating limit in times of a declared disaster. The Department is already authorized to waive payments of principal and interest for up to five years.

We will be available to testify on this bill as needed.

Sincerely,

Sharon L. Barton

Sharon L. Barton
Special Assistant
to the Commissioner

SLB:LH

TELEGRAM

Alascom Telegraph Office

TELEGRAM

Alascom Telegraph Office

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PMS JAMES DREW 4793947 474-7188

4846 PALO VERDE

FAIRBANKS AK 99701 02289

HB 176

I AM IN RECEIPT OF YOUR LETTER CONVEYING RECOMMENDATIONS MADE BY THE AGRICULTURE TASK FORCE AT THEIR FIRST MEETING. AS YOU KNOW I HAVE ALREADY EXPRESSED SUPPORT OF THE RAISING OF THE LOAN LIMIT AS PROPOSED BY CSSB 124. WITH REGARD TO YOUR URGING SUPPORT OF THE GRAIN RESERVE LEGISLATION, I AM INCREASINGLY PURSUADED THAT SOME MARKET CERTAINTY IS IMPORTANT FOR THE UPCOMING PLANTING SEASONS AND THAT ACTION BE TAKEN PROMPTLY. I WOULD BE WILLING, THEREFORE, TO CONSIDER A ONE YEAR PROGRAM THAT WOULD PROVIDE THE ASSURANCE NEEDED FOR THIS YEARS PLANTING BUT WOULD TERMINATE AFTER ONE YEAR. THIS WILL ALLOW TIME FOR THE TASK FORCE AND THIS ADMINISTRATION TO FORMULATE A LONG TERM AGRICULTURAL POLICY FOR ALASKA. I HAVE INSTRUCTED THE APPROPRIATE COMMISSIONERS AND STATE OFFICIALS TO WORK TOGETHER TO DEVELOP A PROGRAM AND ADVISE ME THIS WEEK WHAT REASONABLE STEPS MIGHT BE TAKEN TO SOLVE THE IMMEDIATE NEEDS OF THE FARMERS.

BILL SHEFFIELD, GOVERNOR

BILL NO. HB 276

CONTACTS	PHONE	REQUESTED	QUOTED	RCVE
Rep. Schultz	4940	Yes to testify, bk up (yes to testify)	5/3	
Sharon Backus, N. Res.	2400	pos. paper, Yes to testify — [illegible]	don't strongly s	
Resources, Base St.				
John Manley	3742	Bk up	5/3	

HB 276