

COMMITTEE REPORT
SENATE

FURTHER:

4/15/83

Date: 5/17/83

Mr. President:

The Committee on REVENUE has had SB 109

relating to the Alaska State Revenue Fund and the Alaska State Reserve Revolving Fund.

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 SB 109 (Res) same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. CSSB 169 (Res)
 Title Alaska grain reserve program
 Requested by Senate Finance Committee Date May 17, 1983

II. FISCAL DETAIL

Agency Affected Natural Resources
 Program Category Affected Agriculture
 BRU, Program, or Subprogram(s) Affected _____

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

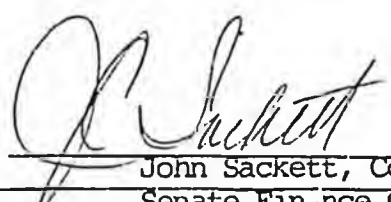
FUNDING (Thousands of Dollars)

GENERAL FUND	0	0				
FEDERAL FUNDS	0	0				
OTHER (Specify Fund Source)	0	0				

POSITIONS

FULL TIME	0	0				
PART TIME	0	0				
TEMPORARY	0	0				

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

IV. DATE May 17, 1983 PREPARED BY 
 AGENCY John Sackett, Co-chairman
 PHONE Senate Finance Committee
465-3753

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

Offered: 4/15/83
Referred: Finance

Original sponsor: Moss

1 IN THE SENATE BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 169 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska grain reserve program
7 and the Alaska grain reserve loan fund; and providing
8 for an effective date."

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

10 * Section 1. AS 03 is amended by adding a new chapter to read:

11 CHAPTER 12. ALASKA GRAIN RESERVE PROGRAM.

12 Sec. 03.12.010. ALASKA GRAIN RESERVE PROGRAM ESTABLISHED. The
13 Alaska grain reserve program is established in the Department of
14 Natural Resources for the purpose of assisting state grain producers
15 to develop markets for their products by making loans secured by grain
16 reserves.

17 Sec. 03.12.020. DUTIES OF THE DEPARTMENT. In carrying out the
18 purposes of this chapter the department shall

19 (1) make loans to state grain producers under the con-
20 ditions set out in this chapter;

21 (2) administer and inspect stored grain held as collateral
22 for loans made under this chapter; and

23 (3) administer the Alaska grain reserve loan fund
24 (AS 03.12.040).

25 Sec. 03.12.030. CONDITIONS ON LOANS. (a) The department may
26 make a loan to a state grain producer secured by grain grown by that
27 producer in 1983 or 1984. Grain that is used as collateral for a loan
28 made under this chapter must be graded number four or better.

29 (b) The amount of a loan made under this chapter is determined

1 by multiplying 90 percent of the United States Department of
2 Agriculture target price per ton for the type and grade of grain
3 offered as collateral by the total tonnage of the collateral.

4 (c) The interest rate on a loan made under this chapter is equal
5 to the interest rate on a loan made under AS 03.10.030(a).

6 (d) Grain that is held as collateral for a loan made under this
7 chapter shall be stored in a storage facility approved by the
8 department. The borrower may provide storage for the grain if the
9 department determines that the storage provided by the borrower will
10 adequately protect the department's interest in the grain. The
11 department may inspect a storage facility provided by a borrower at
12 any time and shall adopt regulations setting standards for storage
13 facilities. Storage costs shall be paid to the borrower by the
14 department during the term of the loan at the United States Department
15 of Agriculture grain reserve loan storage rate.

16 (e) A borrower may not remove, sell, or otherwise dispose of
17 grain held as collateral for a loan under this chapter without the
18 consent of the department. All proceeds from the sale of collateral,
19 up to an amount equal to the value originally assigned to that
20 collateral under (b) of this section, plus accrued interest on the
21 portion of the loan secured by that collateral, shall be applied to
22 the outstanding balance of the loan.

23 (f) A loan made under this chapter shall be for a term that may
24 not exceed three years. The borrower shall make annual payments of
25 accrued interest during the term of the loan.

26 (g) In this section references to grain grading standards,
27 target prices, volume or weight calculations and inspection standards,
28 indicate standards, prices, or calculations that are in accordance
29 with applicable United States Department of Agriculture standards.

1 Sec. 03.12.040. ALASKA GRAIN RESERVE LOAN FUND. The Alaska
2 grain reserve loan fund is established in the department for the
3 purpose of financing loans made under this chapter. The fund consists
4 of appropriations made to it by the legislature.

5 Sec. 03.12.050. ADMINISTRATION OF FUND. The commissioner shall
6 administer the fund in conjunction with the agricultural loan fund
7 board established under AS 03.10.050. A loan in excess of \$25,000 may
8 not be made by the commissioner without the approval of the board.

9 Sec. 03.12.060. REGULATIONS. The department shall adopt regula-
10 tions to carry out the purposes of this chapter.

11 Sec. 03.12.070. ADMINISTRATIVE PROCEDURE ACT. In carrying out
12 the provisions of this chapter the department is subject to the
13 Administrative Procedure Act (AS 44.62).

14 Sec. 03.12.200. DEFINITIONS. In this chapter

15 (1) "commissioner" means the commissioner of natural
16 resources;

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

18 (3) "fund" means the Alaska grain reserve loan fund; and

19 (4) "grain" means barley, wheat or oats.

20 * Sec. 2. AS 44.62.330(a) is amended by adding a new paragraph to read:

21 (52) Department of Natural Resources concerning the Alaska
22 grain reserve program (AS 03.12).

23 * Sec. 3. The Alaska grain reserve program and the Alaska grain reserve
24 loan fund established in sec. 1 of this Act terminate January 1, 1988. All
25 money and other assets of the Alaska grain reserve program and all money
26 and other assets in the Alaska grain reserve loan fund, as of January 1,
27 1988, shall be transferred to the general fund on that date. The
28 Department of Natural Resources shall collect loan payments on grain
29 reserve loans that are outstanding on January 1, 1988 and shall transfer

1 those payments into the general fund.

2 * Sec. 4. AS 03.12 is repealed.

3 * Sec. 5. Section 4 of this Act takes effect January 1, 1988.

4 * Sec. 6. Sections 1 - 3 of this Act takes effect immediately in accor-
5 dance with AS 01.10.070(c).

Introduced: 3/10/83
Referred: Resources
and Finance

1 IN THE SENATE

BY MOSS

2

SENATE BILL NO. 169

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act establishing the Alaska grain reserve program
7 and the Alaska grain reserve revolving loan fund; and
8 providing for an effective date."

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

10 * Section 1. AS 03 is amended by adding a new chapter to read:

11 CHAPTER 12. ALASKA GRAIN RESERVE PROGRAM.

12 Sec. 03.12.010. ALASKA GRAIN RESERVE PROGRAM ESTABLISHED. The
13 Alaska grain reserve program is established in the division of agri-
14 culture, Department of Natural Resources, for the purpose of assisting
15 state grain producers to develop markets for their products by making
16 loans secured by grain reserves.

17 Sec. 03.12.020. DUTIES OF THE DIVISION. In carrying out the
18 purposes of this chapter the division shall

19 (1) make loans to state grain producers under the con-
20 ditions set out in this chapter;

21 (2) administer and inspect stored grain held as collateral
22 for loans made under this chapter; and

23 (3) administer the Alaska grain reserve revolving loan fund
24 (AS 03.12.040).

25 Sec. 03.12.030. CONDITIONS ON LOANS. (a) The division may make
26 a loan to a state grain producer secured by grain grown by that pro-
27 ducer. Grain that is used as collateral for a loan made under this
28 chapter must be graded number three or better.

29 (b) The amount of a loan made under this chapter is determined

1 by multiplying the target price per ton for the type and grade of
2 grain offered as collateral by 90 percent of the total tonnage of the
3 collateral.

4 (c) The interest rate on a loan made under this chapter is equal
5 to the interest rate on a loan made under AS 03.10.030(a).

6 (d) Grain that is held as collateral for a loan made under this
7 chapter shall be stored in a storage facility approved by the divi-
8 sion, at the expense of the borrower. The borrower may provide stor-
9 age for the grain if the division determines that the storage provided
10 by the borrower will adequately protect the division's interest in the
11 grain. The division may inspect a storage facility provided by a
12 borrower at any time and shall adopt regulations setting standards for
13 storage facilities.

14 (e) A borrower may not remove, sell, or otherwise dispose of
15 grain held as collateral for a loan under this chapter without the
16 consent of the division. All proceeds from the sale of the collat-
17 eral, up to an amount equal to the value originally assigned to that
18 collateral under (b) of this section, shall be applied to the out-
19 standing balance of the loan.

20 (f) A loan made under this chapter shall be for a term that may
21 not exceed three years. The borrower shall make annual payments of
22 accrued interest during the term of the loan.

23 (g) In this section references to grain grading standards,
24 target prices, volume or weight calculations and inspection standards,
25 indicate standards, prices, or calculations that are in accordance
26 with applicable United States Department of Agriculture standards.

27 Sec. 03.12.040. ALASKA GRAIN RESERVE REVOLVING LOAN FUND. The
28 Alaska grain reserve revolving loan fund is established in the divi-
29 sion for the purpose of financing loans made under this chapter. The

1 fund consists of appropriations made to it by the legislature and
2 repayments of principal and interest on loans made from the fund. The
3 division may invest money in the fund in accordance with AS 37.10.070
4 and AS 37.10.075.

5 Sec. 03.12.050. REGULATIONS. The division shall adopt regula-
6 tions to carry out the purposes of this chapter.

7 Sec. 03.12.060. ADMINISTRATIVE PROCEDURE ACT. In carrying out
8 the provisions of this chapter the division is subject to the Adminis-
9 trative Procedure Act (AS 44.62).

10 Sec. 03.12.200. DEFINITIONS. In this chapter

11 (1) "division" means the division of agriculture, Depart-
12 ment of Natural Resources;

13 (2) "fund" means the Alaska grain reserve revolving loan
14 fund; and

15 (3) "grain" means barley, wheat or oats.

16 * Sec. 2. AS 44.62.330(a) is amended by adding a new paragraph to read:

17 (52) Department of Natural Resources concerning the Alaska
18 grain reserve program (AS 03.12).

19 * Sec. 3. The Alaska grain reserve program and the Alaska grain reserve
20 revolving loan fund established in sec. 1 of this Act terminate January 1,
21 1987. All money and other assets of the Alaska grain reserve program and
22 all money and other assets in the Alaska grain reserve revolving loan fund,
23 as of January 1, 1987, shall be transferred to the general fund on that
24 date. The division of agriculture, Department of Natural Resources, shall
25 collect loan payments on grain reserve loans that are outstanding on
26 January 1, 1987 and shall transfer those payments into the general fund.

27 * Sec. 4. AS 03.12 is repealed.

28 * Sec. 5. Section 4 of this Act takes effect January 1, 1987.

29 * Sec. 6. Sections 1 - 3 of this Act takes effect immediately in accor-

1 dance with AS 01.10.070(c).



From The
**SENATE
FINANCE COMMITTEE**

May 17, 1983

THIS FISCAL NOTE DID NOT ACCOMPANY THE
BILL WHEN REPORTED OUT OF SENATE FINANCE.
SEE NEW FINANCE COMMITTEE 0 FISCAL NOTE
5/17/83.

STATE OF ALASKA
FISCAL NOTE

Revision Date _____, 1983

I. REQUEST

Bill/Resolution No.: CSSB 169(Res)
 Title: State Grain Reserve Program
 Sponsor: Moss
 Requestor: _____

II. FISCAL DETAIL

Agency Affected: Natural Resources
 Program Category Affected: Agriculture
 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		45.0	47.7	50.6		
200 TRAVEL		3.0	3.2	3.4		
300 CONTRACTUAL		3.6	3.8	4.0		
400 COMMODITIES		1.0	1.1	1.2		
500 EQUIPMENT		15.0	--	--		
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		67.6	55.8	59.2		
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		67.6	55.8	59.2		
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME		1	1	1		
PART-TIME						
TEMPORARY						

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

CSSB 170(Res) appropriates funding for the Grain Reserve Loan Fund by reallocating \$1.6 million from the Delta II West grain elevator appropriation. We recommend that operating monies be allocated from that appropriation.

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Sharon Barton Phone: 465-2400
 Division: Commissioner's Office Date: 4/27/83
 Approved by Commissioner: Mary Halloran Date: 4/27/83
 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)

CSSB169 (Res)

~~CC 112 156~~ (Lease) analysis:

Equipment costs are explained in the attached sheet. Personal services costs cover inspection requirements and program administration costs. As the official grain inspection agency in Alaska, the Division of Agriculture would be required to furnish personnel and facilities on a statewide basis throughout the year as grain moves to and from the reserve.

MEMORANDUM

State of Alaska

DEPARTMENT OF NATURAL RESOURCES - DIVISION OF AGRICULTURE

TO: Sharon Barton
Special Assistant

DATE: February 10, 1983

FILE NO:

TELEPHONE NO:

FROM: Ed Kero *EJK*
Development Specialist

SUBJECT: Grain Grading
Station Equipment

Carter Day Dockage Tester (FOB Minneapolis, Minn)	\$ 3,744.00
Barley riddle and sieves	216.00
Wheat riddle and sieves	152.00
Burrows (FOB Illinois)	
Boerner divider	595.00
Extension kit	119.00
Barley sieve kit	90.50
Filling hopper and stand	198.00
Boerner weight per bu apparatus (print-out)	1,750.00
Shadow graph scales	928.00
Armstrong scales	610.00
Grain scales	111.50
Laboratory torsion balance scale	470.00
Weight set	137.00
Sieve shaker	795.00
Moromco moisture meter	640.00
Barley pearler	350.00
Miscellaneous (picks, lights, pewter dishes, magnifying glass, etc.)	750.00
	<hr/>
Equipment costs	\$11,656.00
Set-up & freight estimate	3,344.00
	<hr/>
Total	\$15,000.00

CSSB 169 - "AN ACT ESTABLISHING THE ALASKA GRAIN RESERVE PROGRAM AND THE ALASKA
GRAIN RESERVE LOAN FUND: AND PROVIDING FOR AN EFFECTIVE DATE."

Senate Action:

3-10-83 - First Reading
4-15-83 - Resources - CS04

The measure establishes the Alaska grain reserve program under the administration of the Department of Natural Resources to assist grain producers in market development. The program will make loans to state grain producers secured by grain reserves held as collateral with the following provisions:

- 1) The storage facilities for the grain reserves may be provided by the producers if they meet regulatory standards outlined by the department. Storage costs will be paid to the borrower by the department during the term of the loan.
- 2) The borrower may dispose of grain held as collateral with the consent of the department. Proceeds from the sale of collateral will be applied to the loan.
- 3) Loans will not exceed three years. Annual payments of accrued interest during the term of the loan will be paid by the borrower.
- 4) Standards for the grain grading, prices, volume or weight control are in conformance with US Dept of Agriculture standards.
- 5) The proposed bill establishes the Alaska Grain Reserve Fund for the purpose of financing loans. The fund will consist of legislative appropriations. The Commissioner of the Department of Natural Resources will administer the fund.
- 6) The Department will initiate regulations to carry out the intent of this bill and will conform to the Administrative Procedures Act.
- 7) The Alaska Grain Reserve Program and Fund will terminate January 1, 1988, and at that time all money, assets, and outstanding loan payments shall be transferred into the general fund.

