

COMMITTEE REPORT
SENATE

FURTHER:

3/22/84

Date 3/22/84

Mr. President

The Committee on FINANCE considered SB 297

establishing the land clearing account in the agricultural revolving loan fund; and.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title _____
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Chairman

Chairman recommendation

Introduced: 5/11/83
Referred: Resources and
Finance

1 IN THE SENATE

BY MOSS

2

SENATE BILL NO. 297

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 land clearing account in the
7 agricultural revolving loan fund; and providing for
8 an effective date."

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

10 * Section 1. AS 03.10.040 is amended by adding a new subsection to
11 read:

12 (b) The land clearing account is established in the agricultural
13 revolving loan fund for the purpose of making loans under AS 03.10.-
14 020(1) for agricultural land clearing.

15 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
16 10.070(c).

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST
 Bill/Resolution No.: SB 297
 Title: land clearing account
in the ARLF
 Sponsor: Moss
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL
 Agency Affected: Natural Resources
 Program Category Affected: _____
Agriculture Management
 BRU, Program or Subprogram(s) Affected: _____
Agriculture Revolving Loan Fund

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Sharon Barton Phone: 465-2400
 Division: Commissioner's Office Date: 3-15-84

MH Approved by Commissioner: William D Arnold, Deputy Date: 3-15-84
 Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 4/25/84

REQUEST

Bill/Resolution No.: SB 297
Title: Establishing a Land Clearing
Loan Account in ARLF
Sponsor: Moss
Requestor:
Date of Request:

FISCAL DETAIL

Agency Affected: DNR
Program Category Affected: NRMEC
BRU, Program or Subprogram(s) Affected: Agriculture

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING		39.5	39.5	39.5	39.5	39.5
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		39.5	39.5	39.5	39.5	39.5
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		39.5	39.5	39.5	39.5	39.5
FEDERAL FUNDS						
OTHER						
TOTAL		39.5	39.5	39.5	39.5	39.5

POSITIONS:

FULL-TIME		1	1	1	1	1
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Dean Brown Phone: _____
Division: Agriculture Date: 4/25/84

Approved by Commissioner: *Wm D Arnold* Date: 4/25/84
Agency: Natural Resources

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

PROPOSED LETTER OF INTENT FOR
SB 297, REGARDING FISCAL IMPACTS OF THE BILL

If the Legislature passes SSSB 47, which provides a three-year moratorium for repayment of land clearing loans by loanholders who meet certain criteria, the existing fiscal note for SB 297 (showing 39.5 for a loan examiner) will not be necessary at this time.

Sen. Moss

Alaska State Legislature



State Senate

CHAIRMAN
SENATE TRANSPORTATION
COMMITTEE
SENATE SPECIAL AGRICULTURE
COMMITTEE

MEMBER
HEALTH, EDUCATION AND
SOCIAL SERVICES
COMMITTEE
LEGISLATIVE COUNCIL
REAA BUDGET OVERSIGHT
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SENATE SPECIAL COMMITTEE ON AGRICULTURE
Senator H. Pappy Moss, Chairman

May 3, 1984

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- SB 297 "An Act establishing the land clearing account in the agriculture revolving loan fund; and providing for an effective date."
- SB 298 "An Act making a continuing appropriation of repayments of the principal and interest on loans made by the Alaska Agricultural Action Council for land clearing to the land clearing account in the Agricultural Revolving Loan Fund; and providing for an effective date."

SUMMARY

These bills provide for the establishment of a separate account within the Agricultural Revolving Loan Fund (ARLF) for land clearing loans. With few exceptions, land clearing loans to date have been made through the Alaska Agricultural Action Council (AAAC) to the large agriculture projects at Delta I, Delta II, and Point McKenzie.

The legislature has previously appropriated sufficient funds for the complete clearing of the major agricultural projects. Senate Bill 298 would have the funds from land clearing loans made through the AAAC paid back into the separate account for land clearing loans in the ARLF established by Senate Bill 297.

Creating a separate land clearing account within the ARLF will make clearing loans available to the owners of small tracts on a long term basis. Providing for payments from the AAAC clearing loans to be paid back into the land clearing account will eliminate the need for further appropriations from the state for clearing loans as the state continues to put agricultural land into the hands of private owners.

Sectional Analysis: SB 297 & 298

SB 297 Section 1. establishes a land clearing account in the agricultural revolving loan fund (ARLF).
Section 2. establishes that the act is effective immediately.

SB 298 Section 1. provides that repayment of principal and interest to the Alaska Agricultural Action Council (AAAC) on loans made for land clearing will be paid into the land clearing account in the ARLF established by SB 297.
Section 2. establishes that the act is effective on the date that the land clearing account is established in the ARLF.

Amendment
to

SB 298 Reappropriates funds for land clearing from the Alaska Agricultural Action Council to the land clearing account in the ARLF upon termination of the AAAC.

Fiscal
Notes

SB 297 has a fiscal note of 39.5 for a loan examiner. The Department of Natural Resources believes this is necessary as there is currently no staff associated with this program for loan collection. There is also a letter of intent which states that if SSSB 47 is passed this year, the loan examiner will not be required at this time.

SB 298 has a zero fiscal note.

SENATE SPECIAL COMMITTEE ON AGRICULTURE

Senator H. Pappy Moss, Chairman

Offered in the SENATE

A M E N D M E N T

To SB 298:

Page 1, line 16, add the following sentence to read:

Legislative appropriations made to the Alaska Agricultural Action Council for land clearing are reappropriated to the land clearing account in the agricultural revolving loan fund (AS 03.10.040(b)) upon termination of the Alaska Agricultural Action Council.

QUESTIONS AND ANSWERS

1. Isn't there already a provision for land clearing loans within the Agricultural Revolving Loan Fund?

Clearing loans may be obtained through the ARLF for amounts up to \$250,000. The maximum term for these clearing loans is seven years which, in terms of farm loans, is relatively short term. The AAAC land clearing loans have 40 year terms. The short term nature of this loan puts a pressure on the farmers at the onset of their farm development.

2. How many farmers will be affected by this bill?

Actually, the agricultural project farmers who already have clearing loans will not be affected at all. They will pay back their loans by the same contractual agreements, whether to the AAAC or the ARLF. The small tract farmer will be the most affected, as previously there was no commitment of funds for land clearing available to them.

3. How much money is currently committed to land clearing loans through the AAAC for the large agricultural projects?

Funds to the new land clearing account would come from the payment of clearing loans from 22 tracts at the Delta I project, 15 tracts at the Delta II project, and 32 tracts at Point McKenzie. The combined amounts of funds appropriated for land clearing has a maximum figure of approximately \$17 million.

4. What are small tract farms?

There are more farmers on small tracts in Alaska than on the larger agricultural projects. Small tracts are made available through state disposal by auction or lottery through the Division of Land Management. Most of these tracts are about 160 acres within a size range of 40 to 640 acres.

5. When will funds become available for land clearing loans in the separate land clearing account?

As money comes in on the payments of clearing loans administered by the AAAC to the agricultural projects, it will become available for recycling to land clearing loans through the clearing loan account in the ARLF. It is the intent of these bills to set up a system for continuing the availability of clearing loans for farmers of the state, without the need for additional appropriations from the state.

These bills, which establish a land clearing account in the Alaska Revolving Loan Fund (ARLF), and provide for payment of land clearing loans administered by the Alaska Agricultural Action Council (AAAC) into that account, were drafted in a joint effort of the Department of Natural Resources and the AAAC.

No money is being requested for initial funding of the land clearing account. Funding for the land clearing account will be from repayments of land clearing loans that have already been made through the AAAC. This means there will probably be little funding in this account for a few years, as the first land clearing loans will not become due until May 31, 1984.

The agricultural project farmers (approximately 50-60) will not be affected by this legislation. Between 50 and 100 small tract farmers will be affected in that there will be funds available to them for land clearing loans.

Current land clearing loan procedure:

1. Land obtained by auction or lottery;
2. Preliminary work done (conservation and production plans);
3. Plans approved by DNR;
4. Approval qualifies owner for clearing money;
5. Farmer has survey done and makes layout plans;
6. AAAC does inspection to insure requirements are met;
7. Loan may be applied for.

DNR FISCAL BACKUP FOR
SB 297 (Land clearing loans)

The Department will assume a new load of land clearing loans (about \$10 million worth at Delta I, Delta II, and Pt. McKenzie) and other loans (livestock facilities and Seward grain terminal) from the Department of Commerce, which has administered these loans for the Alaska Agricultural Action Council for the past year.

The first clearing loan repayments will be due this year, but there are no staff associated with the program to administer loan collection and repayment. (There are staff for loan compliance and review.) Without additional staff for loan collection, the Division of Agriculture/ARLF will face difficulty in collecting on the loans. The lack of staff may even cause the State to be late or remiss in its loan collection.

Costs after FY 86 are conditional upon the passage of SB 298, which would create a revolving loan fund in the clearing loan account.

Costs:

line 100	Loan Examiner I	39.5	(Range 15)
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