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169

SENATE RESOURCES COMMITTEE  
LEGISLATION CHECKLIST

IDENTIFICATION:

BILL NUMBER: SB 169

BILL NAME: Establishing Alaska grain reserve program  
& the Alaska grain reserve revolving loan fund

SPONSOR(S): MOSS

RELATED BILLS PENDING: SB 170

DATE INTRODUCED: 3-10-83

REFERRALS: Resources  
Finance

INITIAL RESEARCH:

BILL SUMMARY COMPLETED:

SUMMARY BY LEGAL DIVISION:

SPONSOR CONTACTED FOR  
BACKUP MATERIALS:

DEPT. OF LAW SUMMARY:

FISCAL NOTE:

AGENCY RESPONSE:

OTHER INTERESTED SENATORS OR  
REPS. NOTIFIED:

BACKGROUND RESEARCH:

SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES:

RESPONSES FROM INTERESTED PERSONS/GROUPS:

OTHER STATE OR FEDERAL PRECEDENTS, REGULATIONS, LAWS:

HEARING PREPARATION:

CHAIRMAN BRIEFED:

DATE AND PLACE SET:

STAFF MEMO TO COMMITTEE:

TELECONFERENCE:

BACKGROUND MATERIAL DISTRIBUTED:

PSA/PRESS RELEASE:

LIST OF WITNESSES:

SUGGESTED AMENDMENTS/COMMITTEE  
SUBSTITUTES DRAFTED:

✓ Sen. Moss  
✓ ONR - Sharon Barton

# Alaska State Legislature

BETTYE FAHRENKAMP, Chairman  
ROBERT H. ZIEGLER, SR., Vice Chairman  
DICK ELIASON  
PAUL FISCHER  
VIC FISCHER  
BOB MULCAHY  
ARLISS STURGULEWSKI



POUCH V  
STATE CAPITAL  
JUNEAU, ALASKA 99811  
(907) 465-3834  
(907) 465-3635

## Senate

### Committee on Resources

TO: Senate Resources Committee Members

FROM: Senate Resources Committee Staff

RE: April 8th Hearing

DATE: April 7, 1983

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The following bills will be heard by the Senate Resources Committee Friday, April 8 at 3:00 p.m. in the Beltz Room.

SSSB 120 AN ACT RELATING TO SOIL AND WATER CONSERVATION.

SSSB 120 increases the membership of the Board from 3 to 5, allowing for appointment of 1 member from each of 5 geographic areas of the state, and authorizes the Commissioner of DNR to appoint an executive director and clerical staff to assist the Board. The Board provides services to the whole state, and demand on their services has increased to the point that this proposed restructuring is necessary.

The Department of Natural Resources does not have funding available for this proposal this year, but the sponsor has requested that the restructured board be put in place. The Department plans to offer an amendment on Page 3, Lines 2-6, which would allow the Board to provide input to the Commissioner on sales and leases of state agricultural land, but would not allow the Board to review appeals of the Commissioner's decisions.

SB 169 AN ACT ESTABLISHING THE ALASKA GRAIN RESERVE PROGRAM AND THE ALASKA GRAIN RESERVE REVOLVING LOAN FUND.

SB 169 establishes a grain reserve program and a grain reserve revolving loan fund in the Department of Natural Resources to assist state grain producers by making loans secured by grain reserves. Alaska grain producers have no production history so are not eligible for Federal programs that aid grain producers in the Lower 48. SB 169 would give the Alaskan producer an incentive to produce grain

April 7, 1983

by guaranteeing compensation. If the grain is not sold, a loan could be made to the producer against the value of the grain in storage. This would help establish a production record which would make the Alaskan producer eligible for the federal programs.

The following conditions are placed on loans under this program:

- grain used as collateral must be Grade 3 or better
- formula for loan amount is based on the target price per ton of the grain
- interest rate is the same as the Agriculture Revolving Loan Fund rate (minimum 8%)
- the grain storage facility must be approved by the division
- maximum term of loan is 3 years

The program and fund proposed in SB 169 would sunset 1/1/87.

SB 170 AN ACT MAKING A SPECIAL APPROPRIATION TO THE ALASKA GRAIN RESERVE REVOLVING LOAN FUND.

SB 170 appropriates \$4 million from the general fund to the Alaska grain reserve revolving loan fund.

SB 195 AN ACT SUPPLEMENTING THE FY 82 APPROPRIATION TO THE AGRICULTURAL ACTION COUNCIL FOR LIVESTOCK FACILITY LOANS.

SB 195 appropriates an additional \$350,000 to the Ag. Action Council for livestock facility loans (an increase from \$2,650,000 to \$3,000,000 from the general fund). This appropriation is based on action taken by the AAAC on March 9, 1983. The Council voted to request additional funds to allow for development of two red meat processing facilities, one in Southcentral and one in Interior Alaska.

# Establish AK Grain Marketing ~~Program~~ Pool.

An Act Creating an Emergency Buffer Stock of Feed Grain and to Establish a Revolving Grain Marketing Fund, and providing for an effective date.

Legislative Finding and Policy. The legislature finds, determines and declares that:

- 1) It is the policy of the legislature to promote a diversified and stable renewable resource economy through the investment of non-renewable resource revenues;
- 2) A sound and sustained agricultural production, processing and marketing industry is necessary to the healthy economic life and future well-being of Alaska;
- 3) A feed grain buffer stock program is necessary to provide reasonable assurance of a continuous and adequate supply of feed grain for Alaskan livestock producers.

Creation of an Emergency Buffer Stock of Feed Grain. There is hereby established a feed grain buffer stock program including a revolving grain marketing fund.

Emergency Buffer Stock of Feed Grain. The Department of Commerce and Economic Development shall <sup>annually</sup> purchase and store within Alaska ~~at least one year's~~ a supply of cereal grain in an amount equal to at least one year's demand for such grain within the State, but not to exceed 20,000 tons. The price paid to the grain producer shall be the Pacific Northwest price FOB Seattle on the date of purchase according to type and U.S.D.A. grade of the grain. The grain must be delivered by producers to and held in a storage facility approved by the Department of Commerce and Economic Development.

<sup>All in</sup> The buifer stock may be sold within the state or through export markets in a manner that will ensure an adequate supply of grain for in-state (provided that stocks must equal one-year demand or 20,000 during some part use) Sale of the grain will be at the Pacific Northwest price FOB the <sup>of</sup> approved storage facility on the date of the sale according to the type and

U.S.D.A. grade of grain.

Revolving Grain Marketing Fund. The amount of \$2,<sup>4</sup>000,000 is appropriated to the Department of Commerce and Economic Development to establish an emergency revolving grain marketing fund to carry out the emergency buffer stock program for feed grain in Alaska.

(Language relating to how funds are used and paid back to same fund?)

→ 5-year termination Jan 1 '89

STATE OF ALASKA  
THE LEGISLATURE

POUCHY - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

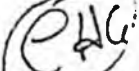
LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

March 29, 1983

SUBJECT: Alaska grain reserve program  
(SB 169)

TO: Senator Pappy Moss

FROM:  Linn H. Asper  
Legislative Counsel

You have asked for a sectional analysis of SB 169.

\* Section 1 establishes the Alaska Grain Reserve Program and states terms and conditions for that program.

Sec. 03.12.010 establishes the grain reserve program in the division of agriculture, Department of Natural Resources.

Sec. 03.12.030 states conditions on loans made under the grain reserve program, including provisions for collateral, amount of loans, interest rate, storage of collateral, sale of collateral, and term of loans.

Sec. 03.12.040 establishes the grain reserve revolving loan fund to finance the operations of the grain reserve program.

Sec. 03.12.050 provides for the adoption of regulations by the division of agriculture to implement the grain reserve program.

Sec. 03.12.060 makes the Administrative Procedure Act (AS 44.62) applicable to the administration of the grain reserve program.

Sec. 03.12.200 provides definitions for the new chapter.

\* Section 2 adds the Department of Natural Resources grain reserve program functions to the Administrative Procedure Act (AS 44.62).

\* Section 3 provides for the termination of the grain reserve program on January 1, 1987, and provides technical details for the termination of the program.

\* Section 4 repeals the grain reserve program chapter, as of January 1, 1987, under the provisions of \* Sec. 5.

\* Section 5 makes \* Sec. 4 effective January 1, 1987.

\* Section 6 makes the rest of the Act effective immediately.

LHA:ljb  
12/023

# Alaska State Legislature

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



WHILE IN JUNEAU  
POUCH V  
JUNEAU, ALASKA  
99811  
(907) 465-4921

## State Senate

### MEMORANDUM

April 6, 1983

SUBJECT: SB 169 & SB 170

TO: The Honorable Bettye Fahrenkamp  
Chairman, Senate Resources Committee

FROM: Senator H. Pappy Moss  
Chairman, Senate Special Agriculture Committee

The state of agricultural development in Alaska is one of confusion and disarray. The State of Alaska from 1978 to the end of 1982 readily projected an image of aggressive support for the development of agriculture within the state. There was a promise that the state would pursue the establishment of an economic base for the future of the state. This foundation was to be the long-sought-after stabilization factor in our economy. Instead of millions of dollars per year leaving the state for foodstuffs that can be produced here in Alaska, those same millions were to remain in our economy, circulate many times and produce the capital needed to generate hundreds and even thousands of jobs for Alaskans. But now, despite promises to the contrary, the future for Alaskan agriculture appears gloomy on the horizon.

To the farmer who has invested the time of his family, and the entirety of their savings in the promise of a future, the recent actions of the present administration seem aimed at destroying the future he planned for when first making that investment.

The administration has admitted to working with a lack of expertise in the industry. They have made decisions which affect the future of the industry despite the objections from persons in the state who have long established backgrounds in agricultural economics and policy.

Because of this "message" sent out by the Administration, there is very little belief by the producers that there will be continued industry. I quite frankly can't blame them.

The development of a new industry is always risky, especially so when there are no track records to establish the credibility of the endeavor. Because of this, there is, even before any reason for doubt, a hesitation on the part of investors and producers alike. For Alaskan agriculture this hesitation has been magnified by the actions taken by the Governor's

office. The grain producers of the Delta projects have serious doubts as to the validity of the Governor's commitment to agriculture.

While the Governor has stated repeatedly that he supports the agricultural producers, they are no longer in a position to gamble their investments. They need a commitment. That commitment is the grain reserve program.

The grain reserve program is not a give-away, nor is it a program that is designed to subsidize the industry. The state will always have a collateral position in the event that the producer lets the state have the grain. That collateral will always be worth more than the State will invest in a loan to the producer on the grain. There is no reason, with support from the Administration, that this program will not work. All of the arguments heard against this program to date have come from individuals in the administration who have no background in the industry. Their arguments are quite evidently made from positions of opposition to the development of agriculture. This statement can be substantiated in the fact that all of the fiscal notes relating to ag bills have come back with "worst case" scenarios. An example of this approach is the fiscal note for HB 156. The note took the position that 100% of all grain loaned on would be forfeited to the state, thus putting the state in the position of buying the grain. This approach by the Commissioner of Commerce and Economic Development leads me to believe that first, he is against the development of agriculture and second, that he does not have the slightest idea of the basic fundamental principles of agricultural development.

The reason the bill is necessary is quite simple: No grain will be grown in an atmosphere of instability both in world grain prices, and in the agricultural development policy of the current administration. The grain producers in the lower 48 states are aided by the Federal agricultural programs. Alaskan producers, because of the fact that there is no production history, are not eligible for these same Federal programs. The reserve program proposed in SB 169 would give to the Alaskan producer the same incentive that the lower 48 producers have, and at the same time help establish a production record which will make the Alaskan producer eligible for the Federal programs.

Madam chairman, I respectfully request your support for SB 169. The future of Alaskan agriculture, and thus the future of the long-needed economic foundation for the interior and state as a whole, is in serious jeopardy. The economic stability of our children's future is at stake. The time has come for the legislature to take a position against the Governor's strong-arm tactics against mandates of previous legislatures and his complete disregard of the will of its members. This can no longer be tolerated. We must pass this legislation and place it on the Governor's desk and challenge him to veto it. We will take this challenge as it comes.

Thank you for your cooperation.



# FARM PROGRAM FACT SHEET

## 1983 Feed Grain Program

United States Department of Agriculture • Agricultural Stabilization and Conservation Service  
October 1982

- SIGNUP PERIOD                      Signup for all feed grain producers is from October 1 through March 31.
- TARGET PRICES                      Target prices per bushel are: corn, \$2.86; sorghum, \$2.72; barley, \$2.60 and oats, \$1.60.
- LOAN RATES                          The national average loan rates per bushel are: corn, \$2.65; sorghum, \$2.52; barley, \$2.16, oats, \$1.36 and rye, \$2.25.
- ADVANCE PAYMENTS                  Producers may request an advance of 50 percent of the diversion payment and 50 percent of the projected deficiency payment. The advance diversion payment rates per bushel are: corn and sorghum, 75 cents; barley, 50 cents; and oats, 37.5 cents. The total advanced payment equals the above payment rate times the farm program yield times ten percent of the base. The advance deficiency payment rates per bushel are: corn, 10.5 cents; sorghum, 10 cents; and barley, 7.5 cents. The advanced deficiency payment equals the above payment rate times the farm program yield times the acres intended to be planted for harvest. No deficiency payment is projected for oats. Payments will be made at sign up time.
- PAYMENT LIMITATION                The total of deficiency and diversion payments is limited to \$50,000 per person under the combined feed grain, wheat, upland cotton, and rice programs. If the total advance payments are \$50,000 or more, the producer may receive the full \$50,000 in advance.
- REFUND OF ADVANCE PAYMENT        A producer accepting an advance payment, but who later does not comply with program provisions, must refund the advance payment with interest at the rate in effect for loans at the time of the payment, plus an additional 5 percent interest.

-over-

ACREAGE  
REDUCTION/  
LAND  
DIVERSION

To be eligible for benefits on corn and sorghum, a producer must limit the acreage planted to corn and or sorghum to not more than 80 percent of the farm's corn-sorghum base. Similarly, to be eligible for benefits on oats and barley, a producer must limit the acreage planted to oats and/or barley to no more than 80 percent of the farm's barley-oats base. The bases will remain the same as established for 1982. Adjustments to the base, however, will be made for farms to reflect established crop rotation practices. Producers also must devote to conservation uses an acreage equal to both the acreage reduction and land diversion requirements.

ACREAGE  
DEVOTED TO  
CONSERVATION  
USE

The reduced acreage and diverted acreage must be devoted to conservation uses. Farmers who plant less than their permitted acres (80 percent of their base) will be allowed to devote fewer acres to conservation; thus, if only 50 acres of a 100-acre base are planted, only 16.25 acres (12.5 percent times the planted acreage for the 10 percent acreage reduction plus 10 percent times the base for the diversion program) will have to be devoted to conservation uses.

CONSERVATION  
USE ACREAGE

Land designated for conservation use must be cropland that was devoted to row crops or small grains in 2 of the last 3 years, except that land in a summer fallow rotation must have been cropped in 1 of the last 2 years.

Acreage devoted to a hay crop in 2 of the last 3 years may be eligible if an equal acreage of eligible cropland is seeded to a hay crop in the current year or the fall of the preceding year.

Also considered eligible is cropland on which a permanent vegetative conservation practice was established in the preceding year or will be established in the current year.

Acreages meeting the 1983 eligibility requirements on which a permanent vegetative practice was established in 1982 or will be established in 1983 will be eligible to be designated through the 1985-crop year if the practice is maintained. This permanent conservation practice will be eligible for cost-share payments through the Agricultural Conservation Program.

LIMITED  
GRAZING  
PERMITTED

Grazing of the conservation use acreage will not be permitted during the 6 principal growing months. Producers are not permitted to mechanically harvest any crops on the conservation use acreage.

NO CROSS/  
OFFSETTING  
COMPLIANCE

Neither cross compliance nor offsetting compliance is required.

# Alaska State Legislature

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



WHILE IN JUNEAU  
POUCH V  
JUNEAU, ALASKA  
99811  
(907) 465-4921

## State Senate

### MEMORANDUM

March 12, 1983

SUBJECT: Senate Bills 169 and 170

TO: Senator Bettye Fahrenkamp  
Chairman, Senate Resource Committee

FROM: Senator H. Pappy Moss   
Chairman, Senate Special Committee for Agriculture

Please schedule SB 169, the small grain reserve act, and SB 170, its appropriation bill. These two bills are of most importance to the Alaskan grain farmers. With the implementation of the reserve program, we can be assured that there will be adequate incentive to the grain producer to plant large quantities of grain this year.

Thank you for your consideration.

SB 169

ESTABLISHING THE ALASKA GRAIN RESERVE PROGRAM AND THE ALASKA GRAIN  
RESERVE REVOLVING LOAN FUND.

SPONSOR: MOSS

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Establishes a grain reserve program in the Dept. of Natural Resources to assist state grain producers to develop markets for their products by making loans secured by grain reserves.

Allows the Division of Agriculture (DNR) to make loans to grain producers, inspect stored grain held as loan co-lateral, and administer a grain reserve revolving loan fund (see SB 170).

Conditions on loans:

- grain used as collateral must be Grade 3 or better.
- formula for loan amount is based on the target price per ton of the grain.
- interest rate same as Agriculture Revolving Loan Fund rate (current 8%)
- grain storage facility must be approved by the division
- maximum term of loan is 3 years

Establishes a grain reserve revolving loan fund in the ag. division (DNR). Repayments of principal and interest return to the fund.

Defines grain as barley, wheat, oats.

The grain reserve program and revolving loan fund terminate 1/1/87, all money and other assets to be transferred to the general fund.

Immediate effective date.

SB 170

MAKING A SPECIAL APPROPRIATION TO THE ALASKA GRAIN RESERVE REVOLVING  
LOAN FUND.

SPONSOR: MOSS

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Appropriates \$4,000,000 from the general fund to the Alaska grain  
reserve revolving loan fund.

Is for capitalization of a loan fund and does not lapse.

Effective date is effective date of SB 169.

# Alaska State Legislature

BETTYE FAHRENKAMP, Chairman  
HOBERT H. ZIEGLER, SR., Vice Chairman  
DICK ELIASON  
PAUL FISCHER  
VIC FISCHER  
BOB MULCAHY  
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POUCH V  
STATE CAPITAL  
JUNEAU, ALASKA 99811  
(907) 465-3834  
(907) 465-3835

## Senate

### Committee on Resources

#### RESOURCES COMMITTEE MINUTES

Bettye Fahrenkamp  
Chairman

April 8, 1983  
3:10 p.m.

Beltz Room  
Room 211, Capitol

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#### MEMBERS PRESENT

Senator Fahrenkamp, Chair  
Senator Mulcahy  
Senator Vic Fischer

Senator Paul Fischer  
Senator Eliason

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#### CALENDAR

- SB 120 Relating to soil and water conservation.
- SB 169 Establishing the Alaska grain reserve program and the Alaska grain reserve revolving loan fund.
- SB 170 Making a special appropriation to the Alaska grain reserve revolving loan fund.
- SB 195 Supplementing the FY82 appropriation to the Agricultural Action Council for live-stock facility loans.

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Commissioner Wunnicke, Department of Natural Resources, briefed the committee on the Supreme Court decision in *Gilman vs. Martin*, regarding land disposal residency discount regulations and the need for change in state regulations. New policy by DNR on land disposal ends residency discounts as of April 1, 1983, on over the counter sales and on land disposal lottery No. 3. The court decision was based on prior decisions which abrogated classification of Alaskans by length of residency. Also discussed long standing state regulations now in litigation (i.e. Potlatch Ponds).

Senator Fahrenkamp asked how this would affect Homestead program.

Sharon Barton, Special Assistant, Department of Natural Resources, said that the Homestead program involved "free" land making the discount moot.

Commissioner Wunnicke said that homestead qualification requirements are not in question, only credits for length of residency. Any other opinion was deferred to the Attorney General.

SB 169, SB 170

Commissioner Wunnicke read a telegram from Governor Sheffield, dated April 8, 1983, to Agricultural Task Force in support of their efforts. DNR endorsed the bills and recommended modifications in SB 169; 1) limit the term to the 1983 crop year; 2) provide loan funds for grades of grain; 3) provide for the state to pay for storage, and; 4) reallocate the appropriation for grain elevator at Delta II West as source of funding. Due to the need for only one year's funding, also recommended that the amount be reduced from \$4 million to \$1.6 million in SB 170. [Amendments will be presented in writing later.]

In answer to a question regarding suspension of loan payments, the Commissioner said with current loan programs there is an option that allows renegotiation, suspension or extension of loan payments and the agencies are responsive to individual hardship cases.

Senator Moss stated that one year is insufficient and suggests that it be extended as a two year program to be more effective.

Sig Restad, of Palmer, recommended that the deadline be extended through October, 1984, instead of July, 1984 to give farmers time to prepare for the next crop year.

Senator Fahrenkamp stated that the bills would be held until Monday, April 11, 1983.

SB 120

Senator Fahrenkamp requested a motion for adoption of CSSSSB 120 and Senator Mulcahy so moved. The motion was opened for testimony and discussion.

Richard Ramsey presented a statement from Senator Kerttula in support of the Soil and Water Conservation Commission's work.

Sig Restad of Palmer, testified that the new bill adds water to Soil Conservation Commission's authority to fit with federal regulations and controls in performing technical services. Reviewed history of conservation efforts and stated that it benefited all water users. Also, it upgrades subdistricts to full district status, creates a fifth district in Alaska and provides for a coordinator for a unified conservation program.

Commissioner Esther Wunnicke of DNR, asked for the committee's support and thanked the volunteers on the Board for their efforts. The bill will answer some of the coordination problems between Fish and Game Department and Natural Resources.

Senator Fahrenkamp made note of the fiscal note change. Senator Mulcahy moved adoption of the committee substitute for sponsor substitute for Senate Bill 120 and there was no objection to move the bill out of committee.

SB 195

Rick Johnson, aide to Senator Moss testified in support of SB 195 and asked for support of the committee.

Commissioner Wunnicke, of DNR, spoke in support of the bill.

Bill Zybeck, aide to Fairbanks North Star Borough Mayor B.B. Allen, testified in support of SB 195. The Borough supports the development of the livestock facility and its benefits to the local economy. The Borough planners have made preparations for the facility and are ready to implement those plans.

There being no further testimony or discussion, Senator Mulcahy moved that SB 195 be reported out of committee with individual recommendations. There being no objection, it was so moved.

The meeting adjourned at 4:10 p.m.

# Alaska State Legislature

BETTYE FAHRENKAMP, Chairman  
ROBERT H. ZIEGLER, SR., Vice Chairman  
DICK ELIASON  
PAUL FISCHER  
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## Senate

### Committee on Resources

#### RESOURCES COMMITTEE MINUTES

April 11, 1983  
3:05 p.m.

Beltz Room  
Room 211, Capitol

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#### MEMBERS PRESENT

Senator Fahrenkamp, Chair	Senator Mulcahy
Senator Ziegler, Vice Chair	Senator Sturgulewski
Senator Vic Fischer	

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#### CALENDAR

- |        |   |
|--------|---|
| SB 169 | Establishing the Alaska grain reserve program and the Alaska grain reserve revolving loan fund. |
| SB 170 | Making a special appropriation to the Alaska grain reserve revolving loan fund.                 |

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#### SB 169, SB 170

Pat Pourchot, Resources Committee aide, reviewed the proposed committee substitute for SB 169. In brief: (1) administer the grain reserve loan fund in conjunction with the existing agriculture revolving loan fund; (2) provide for the state to pay for storage, and; (3) the program would run for two years only.

The appropriation in SB 170 would be reduced from \$4-million to \$1.6-million. This appropriation would be a reallocation of funds from the Delta II West project.

Senator Mulcahy moved for adoption of the committee substitute for SB 169. He then moved CSSB 169 (Res) from committee with individual recommendations. There were no objections.

Senator Mulcahy moved the committee substitute for SB 170. He then moved the bill from committee with individual recommendations. There were no objections.

The meeting adjourned at 3:15 p.m.

ALASKA AGRICULTURAL ACTION COUNCIL  
CAPITAL APPROPRIATIONS

SB 169

For  
Richard  
Ramsey  
4/12/87  
FROM  
VOR.

Appropriation/ Allocation	Project	Original Authorization	Balance 3/31/83
SLA79 CH80 Road Construction	Delta I	\$7,070.8	\$89.0
SLA80 CH90 Survey Cost Land Clearing Administration	PT MacKenzie	5,025.0	39.9 3,279.2 95.4
SLA80 CH120	Delta I	2,000.0	6.6
SLA81 CH82 Survey Disposal Clearing Loans Roads Clearing Equipment	Delta II	9,001.9	354.0 1,866.0 880.9 30.0
<del>Kenana Totchaket</del> <i>Grain Terminal</i> GRAIN STORAGE FACILITY			<del>238.0</del>
SLA81 CH82 PT MacKenzie		238.0	238.0
SLA81 CH82	Delta I	949.0	465.8
SLA81 CH82	Livestock Facility Loan	2,650.0	2,650.0
SLA82 CH25 Delta I Loans Delta I Road Linkage Delta II Expansion PT MacKenzie Facility <i>In Process</i>	Ag Action Council	4,907.0	402.2 630.0 3,800.0 <del>275.0</del>
SLA82 CH101	Small Grain Market	8,200.0	3,620.8
SLA82 CH101	Ten Year Plan	150.0	88.1

Handwritten notes and arrows:  
 - Arrow from "Grain Terminal" to "GRAIN STORAGE FACILITY"  
 - Arrow from "GRAIN STORAGE FACILITY" to "GRAIN TERM. 1,650,000"  
 - "1,622.8" written above "GRAIN TERM."  
 - "- 350,000" written below "GRAIN TERM."  
 - "2,000" and "1,000" written near the Livestock Facility Loan row.  
 - "-0-" written at the bottom right of the table.

# Alaska State Legislature

BETTYE FAHRENKAMP, Chairman  
ROBERT H. ZIEGLER, SR., Vice Chairman  
DICK ELIASON  
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## Senate

### Committee on Resources

April 8, 1983

#### Memo

To: Bettye

From: Pat

Subject: Hearing today, SB 169 and 170, Grain Reserve Fund  
SB 120, Reorganization of Soil Conservation Boards  
SB 195, Livestock facility loan appropriation

As you know the Administration is now supporting, in concept, the Grain Reserve program. However, they have several amendments which may or may not be ready in time for hearing---we should be prepared to hold over until Monday to adopt CS. We have nothing else scheduled for Monday.

We also need to clarify where the monies for the Grain Reserve Program are coming from--some confusion exists.

The same clarification needs to be made on the livestock facility loan appropriation. You might want to question on why the particular facility (new) was selected in the Mat-Su Valley area.

#### RELATED QUESTIONS

You had asked if there was a possibility of amending the Ag Loan Fund to provide for a one-year forgiveness of interest on ag loans. This type action was called for in Moss' original version of SB 124 which upped the short-term loan limits from \$200,000 to \$300,000. At that time the Administration testified that they already had the authority to suspend loan payments and interest. SB 124 is now in Finance Committee awaiting backup info from Moss' office before scheduling for a hearing. If need be we could amend that bill in Finance to provide for suspension. But you might want to ask the Department:

---When we considered SB 124, you testified that the Administration had the authority to suspend loan payments and interest under certain circumstances. Would you consider taking such administration actions during this next year in light of the grave and uncertain conditions facing Alaskan farmers?

#### RESIDENCY DISCOUNT PROGRAM ON LAND DISPOSALS

The DNR has suspended residency discount programs for all land disposals. You might want to have Esther comment on this and suggest to the Committee what it might do to change existing law in light of the recent court decision.

For and Act entitled: "An Act making a special appropriation to the Agriculture Revolving Loan Fund for the Alaska grain reserve loan program; and providing for an effective date."

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

\* Section 1. Ch. 82, SLA 1981, page 157, line 7 is repealed.

\* Section 2. The sum of \$1,550,000 is appropriated from the general fund to the <sup>Alaska Grain Reserve Loan Fund of the DNR</sup> ~~Agricultural Revolving Loan Fund~~ for the operation and capitalization of the Alaska grain reserve loan program.

\* Section 3. This Act takes effect on the effective date of an Act establishing the Alaska grain reserve program.

# Alaska State Legislature

BETTYE FAHRENKAMP, CHAIRMAN  
VIC FISCHER, VICE-CHAIRMAN  
BRAD BRADLEY  
DICK ELIASON  
DON GILMAN  
BOB MULCAHY  
ARLISS STURGULEWSKI



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

## Senate

### Committee on Resources

April 11, 1983

#### Memo

To: Senate Resources Committee Members  
From: Senate Resources Committee Staff  
Subject: Committee Substitute for SB 169 and SB 170

At the hearing on the above bills the DNR testified in general support but had several amendments which had not yet been finalized. The following amendments have now been incorporated into a proposed committee substitute and have been agreed to by the Department, the bill's sponsor, and committee staff:

- 1) All references to Division of Agriculture has been changed to Department of Natural Resources. This reflects a newer legislative drafting style to permit possible reorganizations in the future.
- 2) Loans could be made using grain graded number 4, rather than 3, or better. This change more accurately reflects the range of grains grown in Alaska.
- 3) A technical change was made to tie the loan amount to 90% of the target price for a ton on grain rather than having 90% of the tonnage eligible for a loan.
- 4) The state would pay for storage of the grain to ensure quality of storage facilities and to ensure that storage fees do not become a disincentive for program operation.
- 5) Clarification that the grain if sold would be applied against both principal and interest.
- 6) The "revolving" loan fund was changed to simply "Alaska Grain Reserve Loan Fund" to reflect the intent to authorize the program for only a finite period of time (see below).
- 7) The grain reserve fund program would be administered in conjunction with the Agricultural Loan Fund Board to ensure more efficient administration.

- 8) The appropriation bill, SB 170, has been changed to appropriate \$1.65 million, rather than \$4 million. An appropriation for a grain storage facility as part of the 1982 Delta II West appropriation which has not been used is deleted to provide the funds for this program. It is estimated that this would provide funding for one year's operation of the program and could accommodate production of about 15,000 acres of grain (without the program it has been estimated that 8,000-10,000 acres of grain will be planted this year).

In addition, the DNR has recommended that this program only apply to the upcoming 1983 crop year. However, it is the recommendation of the bill's sponsor and of the Committee staff that the program be authorized through the 1984 crop season because of the lateness of operation of the program this year and the similar timing problems which would again face the farmers and the legislature next year. Because the appropriation will in all likelihood only be sufficient for one year, there will still be opportunity to assess the operation of the program and fund next session.

---The CS incorporates a change to limit the loans for the 1983 and 1984 crop years and would terminate the program three years later, at the end of 1987 when the three-year loan payment period expires.

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

1 IN THE SENATE

Committee Substitute  
for

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  
and the Alaska grain reserve revolving loan fund; and  
providing for an effective date."

7

8

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-~~  
~~culture~~, Department of Natural Resources, for the purpose of assisting  
state grain producers to develop markets for their products by making  
loans secured by grain reserves.

14

15

16

17

Sec. 03.12.020. DUTIES OF THE <sup>DEPARTMENT</sup> ~~DIVISION~~. In carrying out the  
purposes of this chapter the <sup>DEPARTMENT</sup> ~~division~~ shall .

18

19

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

20

21

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

22

23

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

24

25

Sec. 03.12.030. CONDITIONS ON LOANS. (a) The <sup>DEPARTMENT</sup> ~~division~~ may make

26

a loan to a state grain producer secured by grain grown by that pro-  
ducer <sup>during the 1983 and 1984 crop year.</sup> Grain that is used as collateral for a loan made under this  
chapter must be graded number <sup>four</sup> ~~three~~ or better.

27

28

29

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

1 by multiplying the <sup>federal</sup> 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-~~ <sup>department,</sup>  
8 ~~sion, at the expense of the borrower.~~ The borrower may provide stor-  
9 age for the grain if the ~~division~~ <sup>department</sup> determines that the storage provided  
10 by the borrower will adequately protect the ~~division's~~ <sup>department's</sup> interest in the  
11 grain. The ~~division~~ <sup>department</sup> may inspect a storage facility provided by a  
12 borrower at any time and shall adopt regulations setting standards for  
13 storage facilities. *Costs for storage will be paid to the borrower during*  
14 *the term of the loan at the U.S. Department of Agriculture grain reserve loan storage*  
*rate.*

15 (e) A borrower may not remove, sell, or otherwise dispose of  
16 grain held as collateral for a loan under this chapter without the  
17 consent of the ~~division~~ <sup>department</sup>. All proceeds from the sale of the collat-  
18 eral, up to an amount equal to the value originally assigned to that  
19 collateral under (b) of this section, <sup>and interest due,</sup> shall be applied to the out-  
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-~~ <sup>department</sup>  
29 ~~sion~~ for the purpose of financing loans made under this chapter. The

03.12.050 ADMINISTRATION OF FUND. THE COMMISSIONER SHALL ADMINISTER THE LOAN FUND IN CONJUNCTION WITH THE AGRICULTURAL LOAN FUND BOARD ESTABLISHED IN AS03.10.050.

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 <sup>060</sup> Sec. 03.12.050. <sup>DEPARTMENT</sup> REGULATIONS. The ~~division~~ shall adopt regula-  
6 tions to carry out the purposes of this chapter.

7 <sup>070</sup> Sec. 03.12.060. ADMINISTRATIVE PROCEDURE ACT. In carrying out  
8 the provisions of this chapter the <sup>DEPARTMENT</sup> ~~division~~ is subject to the Adminis-  
9 trative Procedure Act (AS 44.62).

10 Sec. 03.12.200. DEFINITIONS. In this chapter

11 <sup>DEPARTMENT</sup> (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,

21 198<sup>8</sup>~~7~~. 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, 198<sup>8</sup>~~7~~, 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, 198<sup>8</sup>~~7~~ 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, 198<sup>8</sup>~~7~~.

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

1 dance with AS 01.10.070(c).

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

Funding Information

General Fund \$4,000,000  
Other Funds -0-  
\$4,000,000

1 IN THE SENATE

*Committee Substitute*  
*for*

BY MOSS

2

SENATE BILL NO. 170

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act making a special appropriation to the Alaska  
7 grain reserve 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. The sum of <sup>#1,650,000</sup> ~~\$4,000,000~~ is appropriated from the general  
11 fund to the Alaska grain reserve revolving loan fund, <sup>in the department of natural resources,</sup>  
12 \* Sec. 2. The appropriation made by this Act is for <sup>the operation and</sup> capitalization of <sup>the</sup>  
13 ~~loan fund~~ <sup>Alaska grain reserve loan program</sup> and does not lapse in accordance with AS 37.25.010.

14 \* Sec. 3. This Act takes effect on the effective date of an Act estab-  
15 lishing the Alaska grain reserve revolving loan fund.

\* Sec. 4, Chapter 82, SLA 1981, page 157, line 7 is repealed.

I. REQUEST

Bill/Resolution No.: CSHB 156 (Loans)  
 Title: State Grain Reserve Program  
 Sponsor: Schultz  
 Requestor: Loans Committee

II. FISCAL DETAIL

Agency Affected: Natural Resources  
 Program Category Affected: \_\_\_\_\_  
 BRU, Program of Subprogram(s) Affected: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
<b>OPERATING</b>						
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						
<b>TOTAL OPERATING</b>		67.6	55.8	59.2		
<b>CAPITAL</b>						
<b>REVENUE</b>						

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:

CS SB 170(Res) appropriates funding for operating and capital costs by reallocating \$1.6 million from the Delta II West grain elevator appropriation.

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Sharon Barton Phone: 465-2400  
 Division: Commissioner's Office Date: 4/25/83  
 Approved by Commissioner: Mary Halloran Date: 4/25/83  
 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

CS HB 156 (Loans) 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   
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
Gram scales	111.50
Laboratory torsion balance scale	470.00
Weight set	137.00
Sieve shaker	795.00
Motomco moisture meter	640.00
Barley pearler	350.00
Miscellaneous (piks, lights, pewter dishers, magnifying glass, etc.)	750.00
	<hr/>
Equipment costs	\$11,656.00
Set-up & freight estimate	3,344.00
	<hr/>
Total	\$15,000.00