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SENATE RESOURCES COMMITTEE  
LEGISLATION CHECKLIST

IDENTIFICATION:

BILL NUMBER: SB 170

BILL NAME: Special appropriation to the Alaska grain  
reserve revolving loan fund.

SPONSOR(S): Moss

RELATED BILLS PENDING: SB 169

DATE INTRODUCED: 3-10-83

HB 271

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:

# Alaska State Legislature

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



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## 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.

Siq 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.

Siq 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 State Legislature

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

BY MOSS

2

*For*  
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 <sup>DEPARTMENT</sup> ~~DIVISION~~. In carrying out the

18

purposes of this chapter the <sup>DEPARTMENT</sup> ~~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 <sup>DEPARTMENT</sup> ~~division~~ may make

26

a loan to a state grain producer secured by grain grown by that pro-

27

ducer. <sup>DURING THE 1983 and 1984 crop year,</sup> Grain that is used as collateral for a loan made under this

28

chapter must be graded number <sup>FOUR</sup> ~~three~~ or better.

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 <sup>department,</sup>  
8 ~~division, at the expense of the borrower.~~ The borrower may provide stor-  
9 age for the grain if the <sup>department</sup> ~~division~~ determines that the storage provided  
10 by the borrower will adequately protect the <sup>department's</sup> ~~division's~~ interest in the  
11 grain. The <sup>department</sup> ~~division~~ 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*

15 (e) A borrower may not remove, sell, or otherwise dispose of <sup>rate</sup>  
16 grain held as collateral for a loan under this chapter without the  
17 consent of the <sup>department</sup> ~~division~~. 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 <sup>department</sup>  
29 ~~division~~ 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 AS 03.10.050.

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 Sec. 03.12.<sup>060</sup>~~050~~. REGULATIONS. The <sup>DEPARTMENT</sup> ~~division~~ shall adopt regula-  
6 tions to carry out the purposes of this chapter.

7 Sec. 03.12.<sup>070</sup>~~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 (1) <sup>DEPARTMENT</sup> ~~"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 ~~\$4,000,000~~ <sup>\$1,650,000</sup> is appropriated from the general,  
11 fund to the Alaska grain reserve revolving loan fund, <sup>in the department of natural resources</sup>  
12 <sup>the operation and</sup>  
13 <sup>the</sup>  
14 <sup>Alaska grain reserve loan program</sup>  
15 ~~loan fund~~, 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.

# Alaska State Legislature

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## 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

MEMO  
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.