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SB 297

ESTABLISHING THE LAND CLEARING ACCOUNT IN THE AGRICULTURAL
REVOLVING LOAN FUND.

SPONSOR: MOSS

Establishes a land clearing account within the agricultural revolving loan fund. Loans for clearing land are allowed under the current statute - \$250,000 limit, 8%, maximum 20 year term, Class I-III soils.

SB 298

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.

SPONSOR: MOSS

Would allow for repayments of principal and interest paid on land clearing loans to the land clearing account. Intent is to remove need for annual legislative appropriations for agriculture.

~~Since loans for land clearing are currently made under the ARLF, wouldn't the principal and interest be automatically returned?~~

Alaska State Legislature

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Senate Committee on Resources

MINUTES

March 21, 1984
3:16 pm

Senate Finance
Fifth floor, Capitol

MEMBERS PRESENT

Senator Fahrenkamp, Chairman
Senator Ziegler, Vice Chairman
Senator Paul Fischer
Senator Vic Fischer
Senator Mulcahy
Senator Sturgulewski
Senator Gilman (Subcommittee on Fisheries)

CALENDAR

SB 297, An Act establishing the land clearing account in the agricultural 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.

SB 417, An Act establishing the Kenai River Special Management Area.

SB 417

Esther Wunnicke, Commissioner, Department of Natural Resources, explained that this bill is the result of recommendations made by the Kenai River Task Force and Legislative Resolve #26, and is supported by the Department as an important step in solving the problems on the Kenai River.

Neil Johannsen, Director, Division of Parks, Department of Natural Resources, explained that the Committee Substitute is the result of meetings with interest groups, property owners, the Kenai Peninsula Borough, and the Kenai legislative delegation. It attempts to solve the problems of conflicting user groups and consolidates management of the area under the Division of Parks.

Senator Mulcahy moved to adopt CS SB 417. There was no objection.

Senator Gilman reviewed the testimony given at the Subcommittee on Fisheries hearings held in Kenai on March 2nd and in Anchorage on March 3rd. He introduced a proposed letter of intent clarifying how the management plan would be developed.

Thomas Boedeker, Attorney for the Kenai Peninsula Borough, spoke in support of the bill as it allows for significant local input.

Bob Sizemore, Alaska Environmental Lobby, Kenai, spoke in support of the bill, but urged more efforts be made to control bank erosion and pesticide use, and to provide for more public involvement.

Senator Mulcahy moved to adopt the letter of intent for CS SB 417 and to move CS SB 417 from committee with individual recommendations. There was no objection.

SB 297

SB 298

Senator Moss introduced members of the Delta II Agricultural Project delegation and explained that legislation is being drafted that would support successful farmers by granting a delay in land payments to those with crops in production.

Charles Trowbridge, Delta II farmer, testified that the farmers are just asking for some "breathing room" on their land payments, and feel they will be successful without further state financing. He discussed their progress in marketing grain in-state.

Dick Jensen, Delta II farmer, felt that many loans had been made to inexperienced farmers.

Sharon Barton, Special Assistant to the Commissioner of Natural Resources, spoke in support of SB 297 and SB 298.

Senator Paul Fischer moved SB 297 and SB 298 from committee with individual recommendations. There was no objection.

The meeting adjourned at 4:14 pm.

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.