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Alaska State Legislature

Senate

Resources Committee

Official Business

Bettye Fahrenkamp
Chairman

Pouch V
State Capitol
Juneau, Alaska 99811

January 28, 1983
3:05 p.m.

Beltz Room
211 - Capitol

MEMBERS PRESENT

Senator Fahrenkamp, Chairman.
Senator Ziegler, Vice Chairman
Senator Eliason
Senator Paul Fischer
Senator Vic Fischer
Senator Mulcahy
Senator Sturgulewski

Hearing: SR1 - to establish a Special Agriculture Committee

Meeting was called to order by Chairman Fahrenkamp.

Rick Johnson, aide to Senator Moss; Richard Ramsey, aide to Senator Kerttula; and Senator Kerttula presented testimony in support of establishing a Special Agriculture Committee. The Special Committee will operate both during the session and interim, and will expire after the 13th Legislature (Jan. 20, 1984). Also the Committee will be looking at broad problem and issue areas, making recommendations for needed legislation, and studying current ag implementation efforts. The Committee will not be getting referrals or taking actions on pending legislation--that function will remain with the Resources Committee. Senator Kerttula stated that the Sheffield Administration has voiced support for getting Alaskan agriculture to the point of producing some of our own food needs. Therefore, it is necessary that the Legislature take a leadership position. The Committee would function as an informational arm and an adjunct to the standing committee.

Senator Ziegler moved SR 1 with individual recommendations and asked unanimous consent. The Committee unanimously passed the bill from Committee.

Senator Fahrenkamp stated that all chairmen will be notified by letter of bills to be referred to their subcommittee.

Senator Fahrenkamp appointed Senator Mulcahy as chairman along with Senator Eliason and Senator Gilman to serve on the Fisheries Subcommittee of the Resource Committee.

Senator Fahrenkamp invited all members of the Senate Resources Committee to attend the International Conference on Coal, Minerals and Petroleum meeting in Anchorage, February 16 - 17, 1983

Meeting adjourned 3:20 p.m.

JUSTIFICATION OF NEED
SENATE SPECIAL COMMITTEE FOR
ALASKAN AGRICULTURE

In 1975, economist J. Edwin Paris and Farm Foundation Director R. J. Hildreth submitted a report to the Federal State Land Use Planning Commission recommending the development of a large-scale agricultural demonstration area in Alaska to test the feasibility of large scale grain production.¹ This recommendation resulted in the development of the Delta I Agricultural Project in the interior of Alaska. In short, this project showed that large-scale grain production in Alaska is feasible, if an agriculture infrastructure which allows economies of scale is developed. Since that time, the Governor's office and the Legislature have further committed themselves to the financing and administration of the development of the integral parts of an infrastructure. However, working under the handicap of a paucity of agronomic data for Alaskan lands, and the lack of a single strong renewable resource development department within the state administration, development has reached a point where there is strong disagreement between the Governor and the Legislature concerning the necessity of individual infrastructural components.

¹ Faris and Hildreth, Considerations for Development of Alaska's Agricultural Potential, Commission Study number 14, Federal-State Land Use Planning Commission for Alaska, 1977. J. Edwin Faris is head of the Department of Agricultural Economics and Rural Sociology at Clemson University. R. J. Hildreth is managing director of the Farm Foundation, Chicago, Illinois.

This disagreement is an example of possible future conflicts in other agricultural areas if a knowledgeable working relationship is not developed. In order to facilitate this relationship, and yet allow each branch to maintain its own autonomy, it is proposed that there be created a Senate special committee on Alaskan agriculture.

This committee would, if approved, have the authority to research projects, hold public hearings, and initiate investigations concerning implementation of legislative intent regarding agricultural development.

The purpose of this authority is to enable the committee to determine the needs of the industry and introduce legislation which would expedite the smooth development and completion of Alaska's agriculture industry.

Example of this committee's work would be: first, to determine problem areas in the agriculture loan programs. Second, to hold public hearings in the various agricultural communities to determine if the borrowing requirements of the industry are being met. Third, to conduct investigations to determine if legislative intent is being followed by the concerned state loan agencies. Fourth, to research the more successful agriculture loan programs in other states. Last, to determine the need for legislatively mandated changes in current programs.

It will be necessary for this committee to work during the interim as well as the session. The majority of all research hearings and investigations will be conducted during the interim. During the session, the committee

will have legislation drafted and introduced. Support for legislation would be provided by back-up materials and witness testimony.

Problem areas and issues which could be considered are:

1. The aforementioned loan programs for farmers and processors.
2. Land disposal means (agriculture use).
3. Development of reindeer herds.
4. Agriculture research needs, University of Alaska.
5. Agriculture transportation, needs and facilities.
6. Livestock development means and methods.
7. Red meat processing facilities, inspection and grading.
8. Work up factual agriculture revenue forecasts.
9. Creation of a marketing agency for Alaskan products.
10. In-state fertilizer development.
11. Make recommendations concerning creation of a department to handle agriculture concerns.
12. Work with the Department of Fish and Game concerning conflicts.

The ultimate goal and objective of this committee is to improve and expedite the development of an Alaskan Agricultural Industry. It should not be construed as reflection upon the work performed in the House and Senate Resources Committees. Both have worked extremely hard to bring Alaskan Agriculture to its present level. However, it is deemed that the industry has developed to the point where further growth will warrant the complete attention of a special committee.



Official Business

Alaska State Legislature

Senate

Resources Committee

Pouch V
State Capitol
Juneau, Alaska 99811

TO: Senate Resources Committee

FROM: Senate Resources Committee Staff

RE: Committee Meeting, January 28, 1983

DATE: January 26, 1983

The Committee will meet at 3:00 PM in the Beltz Room on Friday, January 28 to address the following:

- 1) SR 1, Establishing a Senate Special Agriculture Committee. A hearing will be held on the resolution. Witnesses thus far include Senator Moss and Senator Kerttula. It is hoped that final action by the Committee could be taken at this time.

The resolution would authorize a special committee to conduct hearings and investigations into the problems and opportunities involved in agricultural development in Alaska, to make recommendations to the Legislature regarding possible administrative and legislative actions and to track implementation of on-going projects and programs.

The Special Agriculture Committee would operate during and between sessions until January 20, 1985. Members of the Special Committee would be appointed by the President of the Senate.

Possible issues and problems to be studied by the Special Committee are identified in the attached statement by the bill's sponsor. Also attached for your information are copies of a report to the Governor from the Agricultural Policy Task Force, an article on subarctic agriculture by Dr. Lewis and Dr. Thomas and an article on the history of American Agriculture by Hiram Drache.

- 2) Establishment of a Fisheries Subcommittee of the Resources Committee. It is hoped that members could be appointed, and an initial referral of bills from the Committee dealing with fisheries issues could be completed at the meeting.
- 3) International Conference on Coal, Minerals and Petroleum, Anchorage, February 16-17. A discussion of Committee members attendance at the conference is scheduled.



Official Business

Alaska State Legislature

Senate

Office of the President

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

February 3, 1983

Subject: Senate Special Agricultural Committee

To: Senator John Sackett, Chairman
Finance
Senator Jan Faiks, Chairman
Rules

From: Senator Jay Kerttula, Senate President

Please note the attached memorandum for today's bill. The source of funding is the interim standing committee's lapsed funds. The Senate Special Agricultural Committee allocation through June 30th is \$30,000.00. Enclosed is a rough draft of their budget.

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

DATE: February 1, 1983

SUBJECT: FY 83 Budget - Senate Special Agricultural Committee

TO: The Honorable Jalmar Kerttula
President of the Senate

FROM: Senator H. Pappy Moss, Chairman
Senate Transportation Committee

Following is the proposed budget for the Senate Special Committee on Agriculture for the remainder of FY 83:

Code 100

Personal Services

(Includes Salaries for Admin. Assist., Secretary and Researcher).

\$44,000 *
(see note)

19A
Admin. Assist. at \$151.18/day for 120 days during the session and \$3,253.50/month for the months of May and June = \$18,648.00

1/2- Secretary at \$71.15/day for 120 days of the session. No interim work = \$8,538.00

~~Researcher at \$88/day for 120 days of the session and \$2,823.50/month for the months of May and June. = \$16,207.00~~

1/2
\$18,648.00
8,538.00

\$27,186.00

\$43,393.00

- 1-19A. Not
1/2 19A.
total for program
\$25!

Code 200

Travel

(Includes an estimated need of 25 round trip tickets between Fbks and Jno and 25 days per diem).

~~Airfare = 25 times \$382.00/round trip ticket = \$9,550.00~~

12,000
- 3 times

Per diem = 25 times \$80/day = \$2,000.00

| |
|------------------------|
| \$9,550.00 |
| 2,000.00 |
| ----- |
| \$11,550.00 |
| ----- |

Code 300

Contractual

(Includes \$250.00/month for office space in Delta. May and June 1983).

Code 400

Supplies

(Includes supplies for the Delta office)

Code 500

Equipment

(Estimate of needed equipment, i.e. desks, typewriters, chairs, etc.).

TOTAL BUDGET:

ok.
 500 - if we
 own
 of mission
 1,000
 6,000 - ?
~~\$63,500~~

* These salaries include an anticipated 7% increase.

up to

25 (+) delta
 Code 300
 " 400
 " 500

 31,500
 amount
 thru
 June 30



Official Business

Alaska State Legislature

Senate

Office of the President

MEMORANDUM

SR1
Pouch V
State Capitol
Juneau, Alaska 9981

To: The Honorable Governor Sheffield
Office of the Governor

From: Agricultural Policy Task Force

| | |
|-----------------|------------------|
| Jalmar Kerttula | Wally Kubley |
| Donald Dinkel | Graydon Nichols |
| James Drew | Bob Palmer |
| Bill Heim | Roland Snodgrass |
| Paul Huppert | |

Date: December 15, 1982

Re: Long-term Agricultural Development

Senate Concurrent Resolution Number 77 states that "the Legislature, in cooperation with the Governor, shall establish a task force, composed of representatives of agriculture, business, and consumer interests, which shall be responsible for the study of legislative options for implementing the policies enunciated in this resolution."

The Task Force met November 12, 1982, to prepare the report which is attached. Since it is a primary goal of the State to develop renewable resource industries which are economically viable, the following points are considered key to agricultural development during the next eight years.

1. Accelerate the rate of transfer of agricultural land from State ownership to private ownership so that the goal of 500,000 acres can be achieved by 1990. Priority order of disposals is:

- a. Nenana-Totchaket - beginning in fiscal 1984;
- b. Delta Creek - beginning in fiscal 1985;
- c. Fish Creek - beginning in fiscal 1985;
- d. Deep Creek grazing leases in fiscal 1984.

2. Accelerate final soil classification work as follows:

- a. Complete Copper Center work in 1983;
- b. Complete Kantishna work in 1983;
- c. Complete Yukon Flats classification work in 1983.

3. Use disposal methods that will:
 - a. Protect agricultural rights of land;
 - b. Provide moratorium on land payments during early development years;
 - c. Classify all State owned Class II, III, and IVw soils for agriculture. The Alaska Agricultural Action Council shall be responsible for disposition of the land to private owners;
 - d. Provide access to all agricultural disposals;
 - e. Establish a clearing loan fund for all land sold for agricultural development.

4. Support and encourage livestock industry development by:
 - a. Assuring a feed supply by establishing a feed grain reserve;
 - b. Strengthening the University of Alaska's research, teaching and extension capabilities;
 - c. Providing marketing assistance to the emerging meat industry;
 - d. Stimulating livestock production in all areas where feasible: examples - Kenai Penninsula, Interior, Kodiak, Aleutians, and Seward Peninsula.

5. Support Marketing System Development by:
 - a. Completing the Seward terminal elevator and the grain transfer facility at North Pole;
 - b. Establish a State funded grain-price-support system patterned after the federal plan so that after history is established, the federal program can be adopted easily;

6. Strengthen the University of Alaska's agricultural programs by:
 - a. Combining agricultural research, teaching and extension under one chancellor;
 - b. Appointing chancellors with renewable resource development orientation;
 - c. Establishing degrees in agriculture;
 - d. Increasing staff as outlined in the Ten-Year Plan.

7. The State should establish financing policies that will:
 - a. Provide for accelerated agricultural development;
 - b. Stimulate the private sector to increase its involvement in agricultural financing;
 - c. Provide for a four or five year moratorium on payments for land that is undeveloped;

- d. Provide for emergency financing to farmers when unforeseen or unavoidable factors cause financial hardship.

The above items are explained further in the attached report. Also attached is a copy of the Alaska Agricultural Action Council's Transportation Committee Report of 1980. If you wish further information, the task force members will be pleased to respond.


Chairman

REPORT TO THE GOVERNOR
FROM THE AGRICULTURAL POLICY TASK FORCE

Introduction:

November 12, 1982, the Agricultural Policy Task Force met at the Matanuska-Susitna Community College to prepare a report for Governor-Elect Sheffield which would concisely describe where Alaska has been, is now, and should go agriculturally during the next eight years. The report with a cover letter and addendums as appropriate will be distributed to the State Legislature, Alaska's Congressional Delegation, University of Alaska Regents and administrators, Alaska State government officials and other thought-and-action leaders in the State.

The meeting was chaired by Senator Jalmar Kerttula. Task-force members present at the November 12 meeting were: Donald Dinkel, James Drew, Bill Heim, Paul Huppert, Wally Kubley, Graydon Nichols, Bob Palmer, and Roland Snodgrass. Others present were Carl Amstrup, Charlie Marsh, Tom Mitchell, Pat Mulligan, and Richard Ramsey.

Major areas of discussion were: (A) land and land disposals; (B) livestock industry development; (C) marketing system development; (D) University of Alaska needs to fulfill research, teaching and extension mandates of a land-grant institution; and (E) funding needs for all of the above.

A. Land and land disposal:

1. A primary goal of the State of Alaska is "to develop renewable resource industries which are economically viable and fulfill objectives which include:
 - a. Job creation on a continuous basis;
 - b. Crop and livestock production of those varieties, classes, and species which Alaska can produce competitively;
 - c. Stimulate the expansion of private ownership of productive resources; and
 - d. Provide a better quality of life for Alaskans with less reliance on outside food sources."
2. The key specific objective to achieving a viable agriculture industry in Alaska is "to expedite the transfer of agriculture capable land from State to private ownership so that a minimum of 500,000 acres can be in production by 1990." Some facts about the current land situation are:
 - a. Total surface area of Alaska is approximately 370,000,000 acres of which the State of Alaska has ownership

of approximately 104,000,000 acres or about 28 percent of the land surface;

- b. Alaska has approximately 20,500,000 acres of soil classified as agriculture capable or about 5-1/2 percent of total land area;
- c. The State of Alaska has selected approximately 4,799,000 acres of agriculture capable soils or about 23% of Alaska's total agriculture capable soils;

Further, the State of Alaska has classified approximately 2,000,000 acres of the 4,799,000 acres for agricultural use or about 2% of State's total entitlement or about 1/2 percent of Alaska's surface area;

- d. The 500,000 acre objective by 1990 is an acreage needed to economically support an agricultural infrastructure;
- e. Progress to date to reach the 500,000 acre goal includes the Delta I disposal of 60,000 acres, the 1982 Delta II disposal of 25,000 acres, the 1982 Point MacKenzie disposal of 15,000 acres and smaller agricultural disposals of 30,400 acres for a total of 130,000 acres;
- f. Additionally up to 120,000,000 acres of Alaska's land mass have grazing potential and the State has selected in excess of 20,000,000 acres of the 120,000,000 acres;

To reach the goal of 500,000 acres in production by 1990, further land sales need to be expedited. Priority order for disposal is:

- 1. Nenana-Totchaket sale of a minimum of 150,000 acres; this land has been classified agriculture, the soils have been identified as mostly Class II and III, and there are virtually no conflicts for its use. The total area could be ready for sale in 1983 if funds are made available;
- 2. Delta Creek sale of approximately 40-50,000 acres. This area is bordered on the east by the Delta River, the north by the Tanana River and the south-southwest by the Fort Greely military reservation. The total area is nearly 200,000 acres; soil classification will be completed by January 1, 1983 so that a precise acreage figure can be determined. There are other acreages of agriculture capable land in the greater

Delta area that can add approximately another 25,000 acres of farmland. It is recommended that a total Delta land disposal package be planned for 1984. This is important to spread infrastructure costs over more production units thus reducing burden per acre;

3. The Fish Creek agriculture development project is close to the Point MacKenzie Project and will add to the viability of the total agriculture industry in the area. The project is approximately 20,000 acres in size with about 60% of the land currently owned by the Matanuska-Susitna Borough and 40% by the State of Alaska. The area is presently being studied and if funds are made available and work is expedited, a disposal could be held as early as fiscal 1985;
4. A combination of smaller disposals during the next three years can add up to at least 48,000 additional acres. It is important that these smaller disposals be provided with access and that farm size be large enough to be economically viable;
5. On the Kenai a disposal on a lease basis of grazing lands in the Deep Creek area totalling 19,627 acres is planned for 1983. Access funds are needed for the area. In addition the Ninilchik Native Association has about 70,000 acres of land to the west of the Deep Creek disposal that may be utilized as grazing land.

In addition to the five specific disposal programs listed above, soil classification work is in progress or planned for the following areas:

1. Copper Center has substantial acreage in the SCS soil classification work for 1983 and 1984. Most of the land with forage producing potential and maybe some grain crop production potential is owned by the Ahtna Native Association. It is recommended that the soil classification work be expedited so it can be completed in 1983;
2. The Kantishna area west and northwest of the Nenana-Totchaket area is scheduled for soil classification in 1983. Preliminary work indicates that substantial acreage in the Kantishna area will be capable of producing grain crops;

3. The Yukon Flats area appears to have substantial potential for grain crop production. If soil classification work planned for 1983 supports preliminary estimates, the Yukon Flats area could be the largest grain-producing area in the State by the year 2000.

Land with potential for new or intensified grazing exists in several areas. The Seward Peninsula has large acreages for reindeer grazing; the Kenai Peninsula, as described earlier, is in developmental stages, and Kodiak and several Aleutian Islands have good grass for grazing purposes.

Disposal methods currently used by the State for farmland are "lottery" and "auction." A "fair market value" is determined and a minimum sales price established. Another disposal method to consider is "lease with purchase option". The Matanuska-Susitna Borough held a "lease with purchase option" sale in October, 1982 which appears to have gone well. The Task Force recommends that the strengths and weaknesses of the three methods (lottery, auction, and lease with purchase option) be studied to select the best method. Regardless of method of sale used, some specific procedures should be adhered to.

1. The agriculture rights of the land must be protected;
2. A moratorium of at least 4 years should be established for land payments;
3. Production credits should be established so that new owners can work off most or all of their land payments;
4. All State-owned land with agriculture capability (Class II, III, IVw) shall be classified for agriculture and the AAC shall have the responsibility for disposal and shall be assisted by other appropriate agencies;
5. All agriculture disposals shall have at least minimum access (example: pioneer trails);
6. A clearing loan fund shall be established for all land sold for agriculture development;
7. All agriculture land sales will include a development and production plan so that production is assured.

B. Livestock Industry Development

Ninety-eight percent of red meat consumed in Alaska is imported; 85 percent of the fluid milk and nearly all manufactured dairy products are imported; Alaska's population is growing; and with the proven capability of producing feed grain, the livestock industry will expand. The State of Alaska, in accordance with its goal of establishing renewable resource industries, has taken some action and should take more action to support the livestock industry.

It is a truism that livestock production, processing and marketing need to be developed concurrently. Farmers will not expand animal numbers if they don't see a processing facility in place. And conversely, the processing industry won't be developed unless some effort is made to stimulate production. What has the State done and what can it do to help the industry develop?

1. An assured feed supply at reasonable costs must be assured each year. The State is selling land to farmers on which they can grow feed grain; the State should establish a "feed-grain reserve" to assure a one year's supply of feed (this program should be established in 1983 and maintained for five years; after five years, the grain industry should be mature enough to assure feed-grain supplies);
2. The University of Alaska should strengthen its animal industry research and extension programs so that advice can be supplied to livestock farmers and maximum use can be made of in-state feed products such as barley, wheat, fish by-products and meat by-products;
3. The State has appropriated money to upgrade the meat processing industry in the State by providing loans on good terms to people who present the best plans for red meat processing and marketing;
4. The State should assist the in-state meat processors with marketing; it could be required that federal, state, borough, and city agencies use in-state meat when available;
5. The Point MacKenzie land sale is a direct effort to increase milk production in Alaska. The Fish Creek land sale will provide additional dairy industry opportunities in the Greater Anchorage milk-shed area. The Nenana-Totchaket, the smaller interior land disposals and Delta also provide dairy opportunities. An important secondary crop from dairies are meat animals; cull cows, bull calves, and heifer calves not needed for replacement enter the red meat market;

6. Confinement hog operations have good potential, as feed grain becomes available;
7. Reindeer are now an important class of livestock in Alaska; the industry will likely grow in numbers and quality during the next ten years;
8. The beef and sheep industry will grow to utilize available rangelands and to utilize high fiber and low-quality grain output;
9. As feed supplies stabilize, we can expect the chicken business to expand in Alaska; egg production will likely develop first followed by a broiler industry;
10. The State should expand its support of loan programs to stimulate the growth of the livestock industry in Alaska.

C. Marketing System Development

The foundation of a viable agricultural industry for Alaska is a "feed-grain base": The State has provided loans for grain storage and initial test marketing.

Key portions of a grain-marketing system are country grain elevators, transfer facilities, transportation equipment and export elevators. Feed mills also are a significant part of the grain marketing chain.

Presently, grain marketing facilities in Alaska are as follows:

1. A key part of the grain marketing system is a terminal elevator at the Port of Seward. A special transportation committee selected Seward as the best location for a terminal after considering four locations—Anchorage, Seward, Valdez, and Whittier;

Construction of the Seward elevator began in 1981 but was halted by court action. The Second Session of the Twelfth Legislature passed new legislation to continue building the Seward terminal; construction is now proceeding with completion scheduled for July, 1983.

The City of Valdez has built a grain terminal at their new port facility. They are looking to the Delta area and Copper Center area for grain to handle through their terminal elevator. Presently, the total agriculture base at Delta is about 100,000 acres with a potential for another 50-75,000 acres. Valdez may be able to attract a portion of that grain on a

truck back-haul basis. In addition, Valdez is counting on grain that may be produced in the Copper Center area at some future date.

The Agricultural Policy Task Force encourages the completion of the Seward facility as planned.

2. A facility to transfer grain from trucks to railroad hopper cars is planned for the North Pole area, but due to court actions and costs of those court actions, funds aren't available to build a transfer facility at this time. The Task Force recommends funding and building a transfer facility in the near future;
3. Twenty railroad hopper cars have been purchased for use in Alaska;
4. At Delta Junction, there is an Alaska Farmers' Cooperative, Incorporated (AFCI) grain elevator in operation which has the capacity of more than 10,000 tons. Another elevator has been built and likely will be operated during 1983 by the Alaska Grain Company;

Special attention should be given to improving the service provided by the State ferry system to Kodiak. Of special concern is the method of handling loads of grain.

D. University of Alaska Needs and Mandates

The Land Grant University system in the United States which provides agriculture research, teaching, and extension is regarded world wide as a classical example of successfully providing needed knowledge to the agriculture industry. In Alaska, research and teaching is under one chancellor and extension is under another chancellor. This separation of functions is deemed by the Task Force as counter to the best interests of agricultural development in Alaska and recommends that they be coordinated in the proven manner of other states.

Specific concerns exist in each of the three areas of University work. In the research area, there is a definite shortage of research people. With only twenty agricultural scientists in the entire University system, it is apparent that more are needed. For example, Alaska critically needs at least one plant breeder to supplement the work of the federal plant breeder in the State. Plant breeding programs are vital in developing varieties that will do well in Alaska. Alaska does not have an entomologist to work on the insect problems of the State. It is critical to study insect control methods in our unique sub-arctic environment.

The University has one animal scientist at Fairbanks to do research, teach, and do extension work. As a result, he is spread so thin that his work can't be thorough. Further, the staff at the Homer Research Center should be enlarged and the University land at Kodiak should be developed to do livestock and range research for the Aleutians.

In the "teaching" area of University work, agricultural degrees should be offered. Agriculture is an important

renewable resource, and degrees in agriculture are necessary so that we don't have to always look to other states for agricultural specialists.

Extension workers in agriculture are now spread very thin. Livestock, crops, insect, and fertilizer specialists are needed in the systems now.

During 1983, Governor Sheffield will appoint four members of the University Board of Regents. It is the recommendation of the task force that the new appointees be "renewable resource development" oriented and at least one be specifically agricultural oriented.

E. Financing Policy and Needs

Under normal, mature agricultural-production scenarios in other states, farmers have access to several financing sources including the Federal Land Bank for land purchases, Production Credit Administration (PCA's) for operating, chattel and capital loans, Farmers Home Administration loans for farm homes, cooperative banks to support business development, and commercial banks with agricultural loan departments. In Alaska where agriculture is in the early development stage, these traditional financing sources are nearly non-existent. Therefore, it is appropriate for the State to supply funding for renewable resource development. The Agriculture Revolving Loan Fund (ARLF) and Commercial Fisheries and Agriculture Bank (CFAB) supply a loaning structure for agriculture development. The goal of State financing should be "to provide funding for agriculture development and to plan for a system to withdraw from agriculture financing in favor of traditional financing methods as agriculture matures."

Major areas of identified agricultural-financing policy and needs are:

1. Land clearing loans for large project disposals estimated at \$200 per acre. These loans to have a moratorium of four years and interest forgiveness for four years because no significant production will be realized until the fourth year after the sale of new

land. Clearing loans for smaller acreages should be estimated at \$300.00 per acre; smaller tracts cost more to clear on a per acre basis.

It is recommended that a land-clearing loan fund be established on a continuing revolving basis and funded adequately to provide loans for clearing lands for production;

2. Funds for access development:

- a. In fiscal 1984, a bridge across the Nenana River should be funded. This will be a multi-purpose bridge to provide access to State-owned agricultural lands, timber resources along the Kantishna owned by Doyon, agricultural lands owned by Toghoththele Association, and for gas and oil survey and exploration teams;
- b. In fiscal 1984, funds to supplement the existing appropriation for access roads to Nenana-Totchaket agriculture tracts;
- c. In fiscal 1984, funds for access to the Deep Creek grazing tracts on the Kenai;
- d. In fiscal 1984 and 1985, funds for access and development of the Fish Creek Project;
- e. In fiscal 1985, a bridge across the Delta River to access the agricultural area known as Delta Creek. If possible, the bridge should be located so that it will provide access to the agricultural area, can be used to bring out timber from the area, can be used for a railroad crossing when the Alaska Railroad is extended, and can be used to control a serious erosion problem threatening the City of Delta Junction;
- f. In fiscal 1985, funds for roads in the Delta Creek area.

3. Grain marketing systems:

- a. Additional funds in fiscal 1984 should be provided to complete the Seward Grain Terminal. (Appropriated funds will fall short due to court costs incurred);
- b. Marketing-support funds in fiscal 1984 to maintain a feed-grain reserve in the State and to provide a storage loan programs to farmers;

- c. Funds in the fiscal 1984 to build a grain elevator to serve the Nenana-Totchaket Project;
- d. Funds for a transfer facility in fiscal 1985 to build a grain-transfer facility in the North Pole area.

4. Alaska University Recommendations:

- a. The task team recommends that funds be supplied at an accelerated rate so that the University agricultural programs in research, teaching, and extension can be built-up to an effective level. The staffing levels have been identified in the Ten-Year Agricultural Development Plan prepared by the Alaska Agricultural Action Council.

5. Other financing policy and funding recommendations:

- a. Establish a policy of deferred loan repayment during the early years of loans because returns to farmers won't be realized generally until the fourth year after sale of the land;
- b. Emergency financing should be made available to farmers when unforeseen or unavoidable factors make payments on ARLF loans impossible;
- c. The Task Team recommends that the State subsidize federal crop insurance premiums until the goal of 500,000 acres of land in production is achieved.

COMMITTEE REPORT

SENATE

FURTHER:

1/18/83

Date: 1-28-83

Mr. President:

The Committee on RESOURCES has had SR. 1

Establishing a Senate Special Agriculture Committee.

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

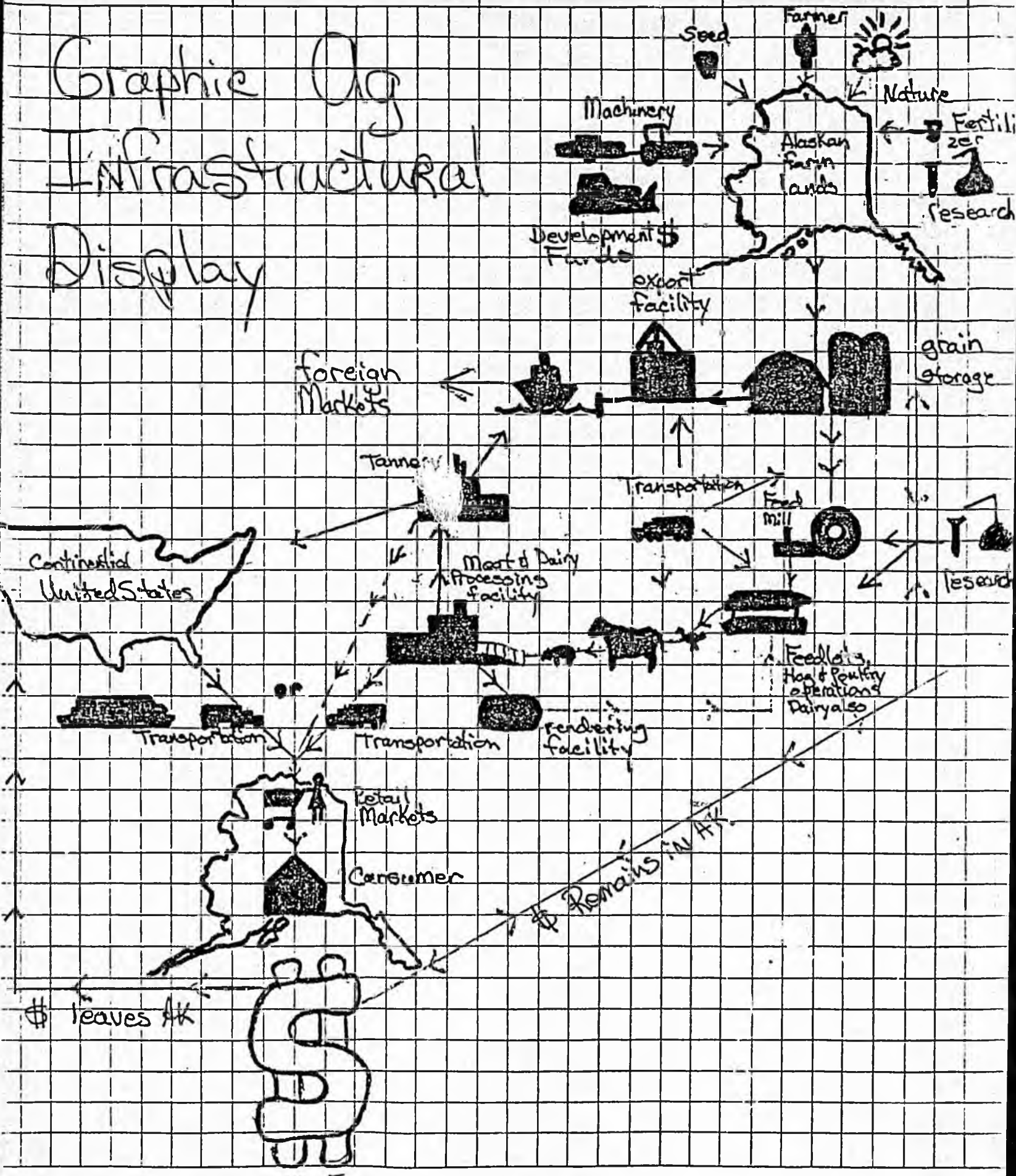
MEMBERS SIGNING
DO PASS

[Handwritten signatures]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

Graphic of Infrastructural Display





Official Business

Alaska State Legislature

Senate Resources Committee

Pouch V
State Capitol
Juneau, Alaska 99811

To: Bettye

From: Pat

Subject: Committee hearing, January 28, Friday

We have three things on the agenda: 1) A hearing on Moss' Resolution (SR 1) to establish a Special Agriculture Committee; 2) An announcement/discussion about the Fisheries Subcommittee; 3) An announcement/discussion about the Coal Conference in Anchorage, February 16-17

SR 1--Special Ag Committee

Witnesses: Senator Moss
Senator Kerttula

It is quite possible that Senator Moss will be unable to make it. If that happens, his Ag aid, Rick Johnson, will give his testimony.

Questions:

- 1) For the record you may want to clarify that this is to be a Special Committee which will operate both during the session and interim, and will expire after the 13th Legislature (Jan. 20, 1984);

that the Committee will be looking at broad problem and issue areas, making recommendations for needed legislation, and studying current ag implementation efforts;

that the Committee will not be getting referrals or taking actions on pending legislation--that function will remain with the Resources Committee.

- 2) Contained in the statement by Moss which the members have received is a good list of the possible issues which the Special Committee might or could investigate. In case Moss does not give testimony or Rick does not specifically state these, you might want to ask him to give for the record some of the possible subjects the Committee might examine. (List is on page 3 of Moss' Statement).

Action:

Following testimony and discussion we want to approve and move the bill out of Committee.

FISHERIES SUBCOMMITTEE

For the record and for public knowledge you should probably announce that you are creating a fisheries subcommittee, similar to last year, which will receive most fisheries-related bills and resolutions referred to the Resources Committee for the purpose of holding hearings and making recommendations to the full Resources Committee.

Announce the Chairman, Sen. Mulcahy and members, Sen. Eliason and Sen. Gilman. You may or may not want to say something in recognition of the fact that Gilman is not a member of the Resources Committee like " although Sen. Gilman is not a member of the Resources Committee, he has had a long-standing interest and knowledge in fisheries issues, was an active member of last year's fisheries subcommittee and will be an asset to this Subcommittee, represents an important commercial and sport fish area.

You might want to announce that you have referred a number of fisheries bills and resolutions to the Subcommittee by letter, which we can then pass out copies to all members for their info.

COAL CONFERENCE, FEB. 16-17, AND POSSIBLE FIELD TRIP

All the members have received notice of the International Conference on Coal, Minerals, and Petroleum in Anchorage.

We need to discuss:

- Who's interested in going?
- How reservations, arrangements will be handled? (Us?)
- Staff participation/pay (no)

Also, you should announce the invitation by Marathon to take a tour of the Kenai LNG plant and oil platforms in Cook Inlet on February 18. Again we need to know:

- who wants to go for sure?
- how travel is to be handled (especially if Kenai might be point of departure).

BETTYE

THURSDAY, FEBRUARY 2, 1983 *passed 11-8*

*up for reconsideration
(Gilman)*

ON THE SENATE CALENDAR TODAY:

**SR 1 ESTABLISHING A SENATE SPECIAL AGRICULTURE COMMITTEE.
SPONSORED BY MOSS**

PASSED OUT OF SENATE RESOURCES COMMITTEE JANUARY 28, 1983.

THE RESOLUTION WOULD AUTHORIZE A SPECIAL COMMITTEE TO CONDUCT HEARINGS AND INVESTIGATIONS INTO THE PROBLEMS AND OPPORTUNITIES INVOLVED IN AGRICULTURAL DEVELOPMENT IN ALASKA, TO MAKE RECOMMENDATIONS TO THE LEGISLATURE REGARDING POSSIBLE ADMINISTRATIVE AND LEGISLATIVE ACTIONS AND TO TRACK IMPLEMENTATION OF ON-GOING PROJECTS AND PROGRAMS.

THE SPECIAL AGRICULTURE COMMITTEE WOULD OPERATE DURING AND BETWEEN SESSIONS UNTIL JANUARY 20, 1985. MEMBERS OF THE SPECIAL COMMITTEE WOULD BE APPOINTED BY THE PRESIDENT OF THE SENATE.

THE ULTIMATE GOAL AND OBJECTIVE OF THIS COMMITTEE IS TO IMPROVE AND EXPEDITE THE DEVELOPMENT OF AN ALASKAN AGRICULTURAL INDUSTRY. THE COMMITTEE WILL NOT BE GETTING REFERRALS OR TAKING ACTIONS ON PENDING LEGISLATION -- THAT FUNCTION WILL REMAIN WITH THE SENATE RESOURCES COMMITTEE. THIS SPECIAL COMMITTEE WOULD FUNCTION AS AN INFORMATION ARM AND AN ADJUNCT TO THE STANDING COMMITTEE.

-- URGE PASSAGE --

*1-19A - 25,000
1-17A*

*If not in appropriations
would not continue*