

SCOMM

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Senator John B. (Jack) Coghill
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May 5, 1986

MEMORANDUM

TO: Representative John Sund
House Loans Committee

FROM: Senator Jack Coghill

RE: CSSB 405

I have introduced SB 405, a bill that will extend the Alaska Grain Reserve Program through 1987 at the request of the Department of Natural Resources. The original intent in setting up the Grain Reserve was to set up a base so that farmers would be able to participate in the Federal Grain Reserve Program. The oversight in the sunset of the original Grain Reserve made this impossible for all farmers to make the base acreage requirements and the non-standard varieties of barley grown in Alaska do not meet present Federal eligibility requirements. No monies will have to be allocated for this program since there are funds available within the program to make new loans.

The Grain Reserve allows Alaskan farmers to market grain in an orderly manner by providing loans to the farmer once the crop is harvested. The farmer can pay planting and harvesting expenses without selling all of the crops at harvest, a time when prices are generally their lowest point for the year. Another reason this is advantageous to the farmer is that with the in state market often times he cannot sell all of the crop at harvest because the market is saturated. As the crop is sold the loan is paid back along with interest computed at 8%.

The program so far has been successful and it does help farmers pay back other loans on time. The grain is graded and inspected. The amount loaned for the grain is based on the grade. For example #2 or better barley could yield a \$97.00 per ton loan amount. A lower quality barley would qualify for a lesser amount. Loans are made for a period of up to three years. If after the three year period the loan is not repaid the state will take ownership of any remaining grain.

Introduced: 2/13/86
Referred: Resources
and Finance

1 IN THE SENATE

BY FINANCE

2 CS FOR SENATE BILL 405

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to loans under the Alaska grain
7 reserve program and providing an effective date

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

9 * Section 1. AS 03.12.030(a) is amended to read:

10 (a) The department may make a loan to a state grain producer
11 secured by grain grown by that producer in 1983-1987 [1983or1984].
12 Grain that is used as collateral for a loan made under this chapter
13 must be graded number four or better, except the hulless barley may
14 be accepted as collateral under conditions determined by the
15 commissioner.

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