HB

116

HFIN

FILE

(11)

HOUSE COMMITTEE REPORT

Date Referred to Committee: February 11, 2000 FURTHER REFERRALS:

Date of Committee Action: 3/27/00

The FINANCE Committee considered: HB 116

HOUSE BILL NO. 116 BOARD OF AGRICULTURE AND CONSERVATION

"An Act relating to the Board of Agriculture and Conservation, to the agricultural revolving loan fund, to the disposal of state agricultural land, and to the Alaska Natural Resource Conservation and Development Board; and providing for an effective date."

recommends it be replaced with the following committee substitute CS HB 116 (FIN) [ ] the same title [✓] a new title

[ ] additional referral to _____ Committee
[ ] attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept) APPROVES PREVIOUS: (Dept/Date)

[ ] fiscal note(s) _____ [✓] fiscal note(s) DNR 2-11-00

[ ] zero fiscal note(s) _____ [ ] zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
Gene Therriault Therriault	X			
Eldon Mulder Mulder			X	
N. L. Davies Davies			X	
Ben Grussendorf Grussendorf			X	
Carl Moses Moses			X	
Davis Davis			X	
K. Williams Williams			X	

CHAIR'S SIGNATURE Gene Therriault Eldon Mulder

FISCAL NOTE

Bill Version: CSHB 116(RE
(H) Publish Date: 2/11/00

STATE OF ALASKA
2000 LEGISLATIVE SESSION

Revision Date/Time: 07-Feb-00
Title: Board of Agriculture and Conservation
Sponsor: Rep. James
Requestor: (H)RES

Dept Affected: Natural Resources
BRU: Agricultural Develop., ARLF Prog Admin.
Component: Agricultural Development
ARLF Prog Admin.
Component No 455. and 2235

Expenditures/Revenues (Thousands of Dollars)
Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
PERSONAL SERVICES						
TRAVEL	9.0	9.0	9.0	9.0	9.0	
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	9.0	9.0	9.0	9.0	9.0	
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	
CHANGE IN REVENUES (fund code)	(22.1)	(29.8)	(37.0)	(43.6)	(49.4)	0.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1021 ARLF	9.0	9.0	9.0	9.0	9.0	
TOTAL	9.0	9.0	9.0	9.0	9.0	

Estimate of any current year (FY2000) cost: $ none

POSITIONS

FULL-TIME	0	0	0	0	0	
PART-TIME	0	0	0	0	0	
TEMPORARY	0	0	0	0	0	

ANALYSIS: *(Attach a separate page if necessary)*

FY01 and future costs are difficult to quantify since proposed legislation creates a new level of government.

Currently the Agricultural Revolving Loan Fund Board meeting expenses are approximately $9.0 per year for travel related meeting expenses for 8 meetings a year, the minimum set by statute. These costs can be higher depending on where a board member lives, the number of meetings held, or if all seven seats are filled during the year. There are no costs to the Division of Agriculture for the creamery corporation meetings. The new board of agnculture, it would be reasonable to assume, would need to meet initially at least twice as many times or more (16) since the proposed board has an expanded mission and operates as an independent unit. We estimate at least $9.0 increase in meeting expenses. This $9.0 is reflected in the fiscal note.

Prepared by: Robert Wells — Phone: 907-745-7200
Division: Division of Agriculture — Date: 07-Feb-00
Approved by Commissioner: John Shively — Date: 2-7-00
Agency: Natural Resources

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Continuation of fiscal note for: HB 116 ver X

Until it is clarified what additional responsibilities (i.e. a 1minister land sale contracts) we have to assume new administrative costs. It is unknown how many exempt staff the board may hire. Currently the Division of Agriculture - excluding the North Latitude Plant Materials Center has 16 full time positions and 2 part time positions. The new legislation allows for hiring of staff by a director appointed by the board. We do not know what staff this might include or the associated costs. We do not know if this staff would replace current staff or be an addition. Also, some Division of Mining, Land and Water functions are pulled into the proposed new organization.

Changes in Revenue:

Based on loans issued in FY99, each percent decline in the interest rate of the Agricultural Revolving Loan Fund loans will result in a corresponding decline in interest revenue that averages approximately $20.0 annually over a five year period. The revenue projections above reflect an estimated 2% reduction in interest.

Under Sec. 03.10.050 (e), the department has the authority to establish credits for persons who have a loan from the Agricultural Revolving Loan Fund and maintain good financial standing. The credits may be applied against no more than 2 percentage points a year of the interest due on Agricultural Revolving Loan Fund loans. (If a loan to a good borrower was at an interest rate of 5 percent, a 2 percent credit would set the annual interest rate for the year at 3 percent).

Interest increase and (losses) for various changes in the interest rate:

RATE	FY2001	FY2002	FY2003	FY2004	FY2005
10%	22,078.32	29,819.24	37,016.28	43,594.98	49,383.04
9%	11,039.16	14,909.62	18,508.14	21,797.49	24,691.52
8%	0.00	0.00	0.00	0.00	0.00
7%	(11,039.16)	(14,909.62)	(18,508.14)	(21,797.49)	(24,691.52)
6%	(22,078.32)	(29,819.24)	(37,016.28)	(43,594.98)	(49,383.04)
5%	(33,117.48)	(44,728.86)	(55,524.42)	(65,392.47)	(74,074.56)
4%	(44,156.64)	(59,638.48)	(74,032.56)	(87,189.96)	(98,766.08)
3%	(55,195.80)	(74,548.10)	(92,540.70)	(108,987.45)	(123,457.60)

PLEASE NOTE: These projections are based on FY99 actuals and reflect estimated increases and decreases in interest revenues.

1-LS0407\Q
Cook
3/23/00

Adopted 3/27/00

CS FOR HOUSE BILL NO. 116(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES JAMES, Harris

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the Board of Agriculture and Conservation, to the director**
2 **of agriculture, to the agricultural revolving loan fund and to loans from the fund,**
3 **to the disposal of interests in state agricultural land; and providing for an**
4 **effective date."**

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 *** Section 1.** AS 03 is amended by adding new sections to read:
7 **Chapter 09. Board of Agriculture and Conservation.**
8 **Sec. 03.09.010. Board of Agriculture and Conservation established.** (a)
9 There is established in the department the Board of Agriculture and Conservation. The
10 board consists of the commissioner and seven members appointed by the governor.
11 Appointed members shall have the following qualifications:
12 (1) one member shall have general business or financial experience;
13 (2) one member shall be a member of a statewide agriculture promotion
14 organization;

(3) one member shall be a member of a soil and water conservation district established under AS 41.10.130(a) who is also engaged in commercial production agriculture;

(4) four members shall be engaged in commercial production agriculture, each shall represent a different agriculture enterprise from the others, such as livestock production, dairy, vegetable production, grain production, horticultural production, and greenhouse and hydroponic production.

(b) Appointed members of the board serve staggered three-year terms and until a successor is appointed. An appointed member may be removed from office by the governor if the governor first provides a written statement of the reasons for removal to the member and makes the statement available to the public. If a vacancy occurs, the governor shall immediately appoint a member for the unexpired portion of the term.

(c) Appointed members of the board receive no compensation, but are entitled to per diem and travel expenses authorized for boards and commissions under AS 39.20.180.

(d) While serving on the board and for one year after leaving that office, a board member, or an immediate family member of the board member, may not obtain a lease, permit, installment contract, or loan or purchase land under AS 03.10 or under AS 38.05, or have an existing lease, permit, installment contract, or loan under AS 03.10 or under AS 38.05 modified or restructured. Notwithstanding AS 39.52.150(a), a person may be appointed to the board even though, at the time of appointment, that person, or an immediate family member, has a lease, permit, installment contract, or loan under AS 03.10 or AS 38.05. However, that person may not take or withhold any official action that affects the lease, permit, installment contract, or loan. If a person with a lease, permit, installment contract, or loan under AS 03.10 or AS 38.05 is appointed to the board, failure by that person to abide by all the terms and conditions of the lease, permit, installment contract, or loan may be the basis for removal under (b) of this section. For purposes of this subsection, "immediate family member" and "official action" have the meanings given in AS 39.52.960.

(e) The board shall elect a member to serve as chair and a member to serve as vice-chair for one-year terms. A member may be reelected to serve additional terms as chair or vice-chair.

Sec. 03.09.020. Director of agriculture and staff. (a) The director of the division of agriculture of the department shall serve as the director of the Board of Agriculture and Conservation. The director may employ staff and, as directed by the board, is responsible for the daily operations of the agricultural revolving loan fund (AS 03.10.040).

(b) The director of agriculture shall be appointed to the partially exempt service by the commissioner from a list of two or more candidates submitted by the board. The commissioner may reject all candidates, in which case the board shall submit a new list. The director may be removed by the commissioner at any time, and the office shall remain vacant until a new director is appointed under this subsection.

Sec. 03.09.030. Quorum. Five members of the Board of Agriculture and Conservation constitute a quorum for the transaction of business or the exercise of a power or function at a meeting of the board.

Sec. 03.09.040. Regulations. (a) The Board of Agriculture and Conservation may adopt regulations under AS 44.62 (Administrative Procedure Act) to carry out its duties.

(b) The board may, by regulation, classify loan and marketing information and make some classes of loan or marketing information confidential.

Sec. 03.09.050. Agricultural land. The Board of Agriculture and Conservation may recommend to the commissioner that land in the land disposal bank established under AS 38.04.020 be classified as suitable for agriculture. The board may identify state land for agricultural disposal and request the commissioner to provide for the survey and disposal of the land.

* **Sec. 2.** AS 03.10.020(a) is amended to read:

(a) The **<u>Board of Agriculture and Conservation (AS 03.09.010)</u>** [DEPARTMENT] may

(1) make a loan to

(A) an individual resident farmer, homesteader, or a partnership

1 or corporation composed of farmers and homesteaders for
2 (i) clearing land for agricultural purposes;
3 (ii) development of farms;
4 (iii) storage and processing of farm produce; or
5 (iv) the purchase of livestock or machinery;
6 (B) an individual state resident, or a partnership or corporation
7 for
8 (i) storage and processing plants for agricultural
9 products;
10 (ii) the commercial production or processing of
11 horticultural products in the state;
12 (iii) the commercial production or processing of animal
13 feed in the state; or
14 (iv) the raising or care of animals in the state for the
15 purpose of marketing their fur;
16 (2) designate agents and delegate its powers to them as necessary;
17 (3) adopt regulations necessary to carry out its functions, including
18 regulations to establish reasonable fees for services provided and charges for collecting
19 the fees;
20 (4) establish amortization plans for repayment of loans, which may
21 include delayed payments of principal and interest for not to exceed five years;
22 (5) enter into agreements with private lending institutions, other state
23 agencies or agencies of the federal government, to carry out the purposes of this
24 chapter;
25 (6) collect the fees and collection charges established under this
26 subsection.
27 * **Sec. 3.** AS 03.10.030(a) is amended to read:
28 (a) The farm development, chattel, or irrigation loan made under this chapter
29 (1) may not exceed a term of 30 years, except that a chattel loan may
30 not exceed a term of seven years;
31 (2) may not, when added to the outstanding balance of other loans

1 made under this chapter, exceed a total outstanding balance of $1,000,000;
2 (3) shall be secured by a real estate or chattel mortgage of any priority,
3 except that the portion of a loan that exceeds $500,000, when added to prior
4 indebtedness that is secured by the same property, must be secured by a first mortgage;
5 (4) shall bear interest at a **fixed** rate **comparable to that charged by**
6 **other agricultural** [THAT MAY NOT BE LESS THAN EIGHT PERCENT OR
7 MORE THAN THE COMMERCIAL RATE, UNLESS THE COMMERCIAL RATE
8 IS EIGHT PERCENT OR LESS; IN THIS PARAGRAPH, "COMMERCIAL RATE"
9 MEANS THE PREVAILING RATE OF INTEREST AT PRIVATE] lending
10 institutions in the state for loans similar to those referred to in this subsection.
11 * **Sec. 4.** AS 03.10.030(c) is amended to read:
12 (c) A **short-term** [SHORT TERM] loan, to be amortized within one year, not
13 to exceed $350,000 to any one borrower may be made for operating purposes, except
14 that a loan made under this subsection may not exceed $200,000 unless the loan is
15 made to a borrower in a farm disaster area declared under AS 03.10.058. **The loan**
16 **shall bear interest at a fixed rate comparable to that charged by other**
17 **agricultural lending institutions in the state for loans similar to those referred to**
18 **in this subsection.** An applicant for a **short-term** [SHORT TERM] loan may be
19 required to purchase insurance through the Federal Crop Insurance Act (7 U.S.C. 1501
20 - 1520) as a condition of the loan. The term of a loan made under this subsection may
21 be extended for up to three years by the **Board of Agriculture and Conservation**
22 [AGRICULTURAL REVOLVING LOAN FUND BOARD], in the discretion of the
23 board, upon application by the borrower.
24 * **Sec. 5.** AS 03.10.030(e) is amended to read:
25 (e) An installment payment is delinquent unless it is [MAILED BY THE
26 BORROWER ON OR BEFORE THE 30TH DAY AFTER THE DATE SPECIFIED
27 FOR PAYMENT IN THE LOAN AGREEMENT OR UNLESS IT IS] received by the
28 **Board of Agriculture and Conservation or the director of the board**
29 [DEPARTMENT] on or before the 30th day after the date specified for payment in the
30 loan agreement. If an installment payment is delinquent, the director of the **board**
31 [DIVISION OF AGRICULTURE OF THE DEPARTMENT] may assess a delinquency

1 penalty. [THE DELINQUENCY PENALTY SHALL BE AN AMOUNT EQUAL TO
2 SEVEN PERCENT OF THE DELINQUENT PAYMENT, BUT THE COMBINED
3 DELINQUENCY PENALTY AND LOAN INTEREST MAY NOT EXCEED 15
4 PERCENT.]
5 * **Sec. 6.** AS 03.10.030(f) is amended to read:
6 (f) A farm product processing loan may not exceed $250,000. A mortgage
7 that secures a farm product processing loan may be of any priority if the total
8 indebtedness on the real estate, including the secured farm product processing loan,
9 does not exceed $250,000. A farm product processing loan that, if made, would raise
10 the existing indebtedness on the real estate securing the loan above $250,000, or a
11 farm product processing loan on real estate that has a prior indebtedness of $250,000
12 or more, may be made only if all prior mortgagees agree to subordinate their
13 mortgages to that of the state for the amount of the farm product processing loan that
14 exceeds the $250,000 indebtedness limit on the real estate. A farm product processing
15 loan may not exceed a term of 30 years or bear interest **at a rate** that is less than **a**
16 **fixed rate comparable to that charged by other agricultural lending institutions**
17 **in the state for similar loans.** [EIGHT PERCENT A YEAR] and shall be secured by
18 a real estate or chattel mortgage or both.
19 * **Sec. 7.** AS 03.10.030(g) is amended to read:
20 (g) A loan for clearing land may not
21 (1) exceed $250,000;
22 (2) bear interest **at a rate** that is less than **a fixed rate comparable to**
23 **that charged by other agricultural lending institutions in the state for similar**
24 **loans** [EIGHT PERCENT];
25 (3) have a term in excess of 20 years; or
26 (4) be made for clearing land other than land that has been classified
27 by the United States Department of Agriculture, **Natural Resource** [SOIL]
28 Conservation Service, under the Land Capability Classification System as having
29 agricultural potential for the production of annual crops **or** [,] hay, or for pasture.
30 * **Sec. 8.** AS 03.10.030(h) is amended to read:
31 (h) The **Board of Agriculture and Conservation** [COMMISSIONER] shall

adopt regulations to establish other terms for loans made under this chapter, consistent with the provisions of this section, and may establish interest rates for loans under (a)(4) of this section that

(1) encourage agricultural development;

(2) do not subsidize nonviable agricultural enterprises; and

(3) do not discriminate against viable existing agricultural enterprises.

*** Sec. 9.** AS 03.10.033(a) is amended to read:

(a) To increase the return to the state, the **Board of Agriculture and Conservation** [AGRICULTURAL REVOLVING LOAN FUND BOARD] may restructure loans **(1)** in existence on January 1, 1987, made by the **former Agricultural Revolving Loan Fund Board** [BOARD] or by the **former** Alaska Agricultural Action Council based upon guidelines approved by the **Board of Agriculture and Conservation; (2) of a borrower in an area that has been declared a farm disaster area under AS 03.10.058; or (3) of a borrower who has experienced an agricultural disaster based upon regulations adopted by the Board of Agriculture and Conservation. Notwithstanding any other provision of law that relates to loan terms, the** [BOARD. THE] restructuring may only include reduction of interest **to a fixed rate not less than five percent a year** [TO RATES BELOW THOSE SPECIFIED BY AS 03.10.030], an extension of the term of the loan, and an improvement to the security interest of the state. It may not reduce the amount of principal and interest owed before the loan is restructured.

*** Sec. 10.** AS 03.10.033(c) is amended to read:

(c) Notwithstanding any other provision of this section, the **Board of Agriculture and Conservation** [AGRICULTURAL REVOLVING LOAN FUND BOARD] may approve an application for restructuring under this section only upon

(1) the applicant's written release of the state, including [THE ALASKA AGRICULTURE ACTION COUNCIL, THE AGRICULTURAL REVOLVING LOAN FUND, AND] the University of Alaska, from all potential liability for actions and omissions occurring before the date of restructuring that relate in any way to a state farm project, land sale, land sale relinquishment, farm loan, or loan application or loan modification application, whether granted or denied by the

1 state; and

2 (2) assignment by the applicant to the board of the proceeds from the
3 federal government under 7 U.S.C. 1442 (Conservation Reserve Program) and P.L. 88-
4 26 (Feed Grain Act of 1963), as amended.

5 * **Sec. 11.** AS 03.10.035(a) is amended to read:

6 (a) A borrower may not use farm land for a **nonfarm** [NON-FARM] use or
7 sell, lease, or otherwise dispose of farm land if that land is encumbered by a mortgage
8 given to secure the payment of a [FARM DEVELOPMENT, CHATTEL, OR
9 IRRIGATION SYSTEM] loan under this chapter unless the borrower either

10 (1) pays the outstanding balance of the loan in a lump sum or under
11 other terms agreed to by the **Board of Agriculture and Conservation**
12 [COMMISSIONER] that accelerate payment of the loan; or

13 (2) pays the outstanding principal balance for the remaining term of the
14 loan at the prevailing rate of interest that is charged by commercial banks in the state
15 during the calendar quarter in which the **board** [DEPARTMENT] receives notice of
16 the change of use, sale, lease, or other disposal of the farm land.

17 * **Sec. 12.** AS 03.10.040(b) is amended to read:

18 (b) Money in the fund may be used by the legislature to make appropriations
19 for costs of administering this chapter **and for operations of the Board of**
20 **Agriculture and Conservation**.

21 * **Sec. 13.** AS 03.10.050(a) is amended to read:

22 (a) The **Board of Agriculture and Conservation** [COMMISSIONER] shall
23 administer the **agricultural revolving** loan fund [IN CONJUNCTION WITH THE
24 AGRICULTURAL REVOLVING LOAN FUND BOARD]. **A** [NO] loan [IN EXCESS
25 OF $25,000] may **not** be made [BY THE COMMISSIONER] without the approval of
26 a majority of the board**, except that emergency loans based upon regulations**
27 **adopted by the board and not to exceed $50,000 may be made upon the approval,**
28 **by majority vote, of a committee composed of the chair of the board, another**
29 **board member, and the director of the board**.

30 * **Sec. 14.** AS 03.10.050(c) is amended to read:

31 (c) A meeting of the [AGRICULTURAL REVOLVING LOAN FUND] board

to act on applications for loans is exempt from the public meeting requirements of AS 44.62.310.

* **Sec. 15.** AS 03.10.050(e) is amended to read:

(e) To encourage the prompt payment of loans, the **board** [DEPARTMENT] may establish a program of credits for persons who have a loan from the agricultural revolving loan fund and maintain good financial standing. The credits may be applied against no more than two percentage points a year of the interest due on agricultural revolving loan fund loans.

* **Sec. 16.** AS 03.10.050(g) is amended to read:

(g) The **board** [DIRECTOR OF AGRICULTURE] may dispose of property acquired by the **agricultural revolving loan fund** [AGRICULTURAL REVOLVING LOAN FUND BOARD OR BY THE COMMISSIONER] through foreclosure, default, or other action arising out of agricultural loans or the sale of agricultural land. Disposals shall be conducted under regulations approved by the commissioner. The regulations must ensure that the property is disposed of so as to maximize the return to the state and must require that the parcels of land that are composed primarily of cropland soils be restricted to agricultural uses and disposed of only to persons who are residents of the state.

* **Sec. 17.** AS 38.04.020(g) is amended to read:

(g) After July 1 of each year, the commissioner shall direct the expenditure of money appropriated for the disposal of land in response to requests made under (e) and (f) of this section for the following:

(1) **land** [LAND] designated as suitable for homestead disposal shall be classified and surveyed under this chapter and AS 38.05 and made available for staking and lease under AS 38.09**;** [.]

(2) **land** [LAND] designated as suitable for subdivision and homesite disposal shall be surveyed, subdivided, classified, and disposed of under this chapter, AS 38.05, and AS 38.08**;** [.]

(3) **land** [LAND] designated [AGRICULTURAL,] commercial, industrial, or suitable for other disposal shall be sold under AS 38.05.055 or 38.05.057**;**

(4) land designated agricultural shall be disposed of under

1 **AS 38.05.055 - 38.05.065, except the Board of Agriculture and Conservation**
2 **(AS 03.09.010) shall receive notice of each proposed disposal and be given an**
3 **opportunity to comment before the final disposal decision is made**.
4 * **Sec. 18.** AS 38.04.030 is amended to read:
5 **Sec. 38.04.030. Land availability programs.** Programs that may be used by
6 the director to make the state's land surface available for private use under
7 AS 38.04.020 - 38.04.055 include sale of whole or partial rights to the fee simple
8 estate, including conveyance of agricultural use rights; leasing; open-to-entry;
9 homesiting; homesteading; permitting for construction and occupation of cabins in
10 isolated locations on land retained in state ownership; and other methods as provided
11 by law. **However, agricultural use rights may be conveyed only after consulting**
12 **with the Board of Agriculture and Conservation.**
13 * **Sec. 19.** AS 38.05.020(b)(7) is amended to read:
14 (7) **after consulting with the Board of Agriculture and Conservation**
15 **(AS 03.09.010),** waive, postpone, or otherwise modify the development requirements
16 of a contract for the sale of agricultural land if
17 (A) the land is inaccessible by road; or
18 (B) transportation, marketing, and development costs render the
19 required development uneconomic;
20 * **Sec. 20.** AS 38.05.057(c) is amended to read:
21 (c) The commissioner**, after consulting with the Board of Agriculture and**
22 **Conservation (AS 03.09.010),** may adopt regulations under the Administrative
23 Procedure Act (AS 44.62) **that** [WHICH] specify qualifications for lottery participants
24 different from those specified in (b) of this section if
25 (1) an interest in land limited to agricultural purposes is to be sold
26 under (a) of this section;
27 (2) the sale is a part of a program to develop agricultural land as a
28 renewable resource of the state; and
29 (3) the regulations include residency, skill, experience, and financial
30 requirements necessary to qualify persons who are competent and financially able to
31 develop the land as a successful agricultural enterprise.

1 * **Sec. 21.** AS 38.05.059 is amended to read:
2 **Sec. 38.05.059. Sale of agricultural land.** The commissioner, **after**
3 **consulting with the Board of Agriculture and Conservation (AS 03.09.010),** may
4 provide for the sale of land classified under AS 38.05.020(b)(6) for agricultural uses
5 in parcels or tracts described by aliquot parts. The parcels or tracts are subject to state
6 subdivision requirements and municipal ordinances.
7 * **Sec. 22.** AS 38.05.065(h) is amended to read:
8 (h) The commissioner, **after consulting with the Board of Agriculture and**
9 **Conservation (AS 03.09.010),**
10 (1) shall provide that, notwithstanding (a) and (b) of this section, in a
11 contract for the sale of land classified under AS 38.05.020(b)(6) for agricultural uses,
12 the interest rate to be charged on installment payments may not exceed 9.5 percent;
13 and
14 (2) may declare a moratorium of up to five years on payments on land
15 sold under this section for land classified under AS 38.05.020(b)(6) for agricultural
16 uses if
17 (A) the commissioner determines that the moratorium is in the
18 best interest of the state;
19 (B) the commissioner certifies and the contract purchaser agrees
20 to perform farm development, crop production, and harvesting, not including
21 land clearing or related activity, requiring the expenditure of amounts
22 equivalent to the payments that would otherwise be made during the
23 moratorium;
24 (C) the sale of the agricultural land takes place after July 1,
25 1979; and
26 (D) the contract purchaser is in compliance with the
27 development plan specified in the purchase contract at the time the purchaser
28 applies for a moratorium under this subsection and remains in compliance with
29 the development plan during the moratorium; for the payments subject to the
30 moratorium declared under this paragraph, interest payments are subject to the
31 moratorium but interest continues to accrue during the moratorium.

1 * **Sec. 23.** AS 38.05.069(a) is amended to read:
2 (a) **After consulting with the Board of Agriculture and Conservation**
3 **(AS 03.09.010), on** [ON] a determination that the highest and best use of unoccupied
4 land is for agricultural purposes and that it is in the best interests of the state to sell
5 or lease the land, the commissioner shall grant to an **Alaska** [ALASKAN] resident
6 owning and using or leasing and using land for agricultural purposes a first option at
7 the auction to purchase or lease the unoccupied land situated adjacent to land presently
8 held by the **Alaska** [ALASKAN] resident for the amount of the high bid received at
9 public auction. If more than one **Alaska** [ALASKAN] resident qualifies for a first
10 option under this section, eligibility for the first option shall be determined by lot and
11 the option must be exercised on the conclusion of the public auction. A parcel of
12 agricultural land sold under this section may not be less than 20 acres, and a parcel of
13 agricultural land that is acquired by exercise of the option granted in this subsection
14 may not exceed 320 acres. Agricultural land that is acquired under this section must
15 be used for agricultural purposes as required by law.
16 * **Sec. 24.** AS 38.05.321(e) is amended to read:
17 (e) A landowner may subdivide land classified for agricultural use and for
18 which the landowner obtained a patent under a homestead entry permit issued under
19 AS 38.09 so long as the resulting parcels are not in violation of the minimum parcel
20 size set out in (a) of this section. A landowner may subdivide other land classified for
21 agricultural use as authorized under (d)(3)(C) of this section. If the subdivision
22 involves land classified for agricultural use and for which the landowner obtained a
23 patent under a homestead entry permit issued under AS 38.09, or if the subdivision of
24 land authorized under (d)(3)(C) of this section results only in parcels of 640 acres or
25 more, the landowner may subdivide without payment as required by this subsection.
26 If subdivision of land authorized by (d)(3)(C) of this section would result in one or
27 more parcels of less than 640 acres, the landowner may subdivide only if the
28 landowner first tenders payment to the department for the right to construct housing
29 in each subdivided parcel of less than 640 acres. **Payments collected under this**
30 **subsection shall be separately accounted for and may be appropriated to the**
31 **agricultural revolving loan fund (AS 03.10.040).** For purposes of this subsection,

1 the value of the right to construct housing in a subdivided parcel
2 (1) is $4,000 for the parcel, subject to adjustment under (h) of this
3 section; or
4 (2) shall be determined by an appraisal made by an appraiser under
5 contract to the landowner owning the parcel, and the appraisal must include the value,
6 determined as of the date of subdivision, of the right to construct housing by the
7 landowner under (d)(3) of this section.
8 * **Sec. 25.** AS 38.05.035(b) is amended to read:
9 (b) The director may
10 (1) delegate the administrative duties, functions or powers imposed
11 upon the director to a responsible employee in the division;
12 (2) grant preference rights for the lease or purchase of state land
13 without competitive bid in order to correct errors or omissions of a state or federal
14 administrative agency when inequitable detriment would otherwise result to a diligent
15 claimant or applicant due to situations over which the claimant or applicant had no
16 control; the exercise of this discretionary power operates only to divest the state of its
17 title to or interests in land and may be exercised only
18 (A) with the express approval of the commissioner; and
19 (B) if the application for the preference right is filed with the
20 director within three years from
21 (i) the occurrence of the error or omission;
22 (ii) the date of acquisition by the state of the land; or
23 (iii) the date of a court decision or settlement nullifying
24 a disposal of state land;
25 (3) grant a preference right to a claimant who shows bona fide
26 improvement of state land or of federal land subsequently acquired by the state and
27 who has in good faith sought to obtain title to the land but who, through error or
28 omission of others occurring within the three years before (A) the application for the
29 preference right, (B) the date of acquisition by the state of the land, or (C) the date of
30 a court decision or settlement nullifying a disposal of state land, has been denied title
31 to it; upon a showing satisfactory to the commissioner, the claimant may lease or

1 purchase the land at the price set on the date of original entry on the land or, if a price
2 was not set at that time at a price determined by the director to fairly represent the
3 value of unimproved land at the time the claim was established, but in no event less
4 than the cost of administration including survey; the error or omission of a predecessor
5 in interest or an agent, administrator, or executor which has clearly prejudiced the
6 claimant may be the basis for granting a preference right;
7 (4) sell land by lottery for less than the appraised value when, in the
8 judgment of the director, past scarcity of land suitable for private ownership in any
9 particular area has resulted in unrealistic land values;
10 (5) when the director determines it is in the best interest of the state
11 and will avoid injustice to a person or the heirs or devisees of a person, dispose of
12 land, by direct negotiation to that person who presently uses and who used and made
13 improvements to that land before January 3, 1959, or to the heirs or devisees of the
14 person; the amount paid for the land shall be its fair market value on the date that the
15 person first entered the land, as determined by the director; a parcel of land disposed
16 of under this paragraph shall be of a size consistent with the person's prior use, but
17 may not exceed five acres;
18 (6) **after consulting with the Board of Agriculture and Conservation**
19 **(AS 03.09.010),** dispose of an interest in land limited to use for agricultural purposes
20 by lottery;
21 (7) convey to an adjoining landowner for its fair market value a
22 remnant of land that the director considers unmanageable or a parcel of land created
23 by a highway right-of-way alignment or realignment, or a parcel created by the
24 vacation of a state-owned right-of-way if
25 (A) the director determines that it is in the best interests of the
26 state;
27 (B) the parcel does not exceed the minimum lot size under an
28 applicable zoning code; and
29 (C) the director and the platting authority having land use
30 planning jurisdiction agree that conveyance of the parcel to the adjoining
31 landowner will result in boundaries that are convenient for the use of the land

by the landowner and compatible with municipal land use plans;

(8) for good cause extend for up to 90 days the time for rental or installment payments by a lessee or purchaser of state land under this chapter if reasonable penalties and interest set by the director are paid;

(9) quitclaim land or an interest in land to the federal government on a determination that the land or the interest in land was wrongfully or erroneously conveyed by the federal government to the state;

(10) negotiate the sale or lease of state land at fair market value to a person who acquired by contract, purchase, or lease rights to improvements on the land from another state agency or who leased the land from another state agency [;

(11) REPEALED].

*** Sec. 26.** AS 38.07.010(b) is amended to read:

(b) The land **that is** [THUS] cleared or drained **under (a) of this section** shall be put up for competitive lease in lots of not less than 320 acres each. **Lease payments shall be separately accounted for and may be appropriated to the agricultural revolving loan fund (AS 03.10.040).**

*** Sec. 27.** AS 38.09.010(a) is amended to read:

(a) The commissioner shall designate and make available for homestead entry state land, including**, after consulting with the Board of Agriculture and Conservation (AS 03.09.010),** land classified for agricultural use. State land made available for homestead entry under this chapter shall be distributed throughout the state.

*** Sec. 28.** AS 39.50.200(b) is amended by adding a new paragraph to read:

(56) Board of Agriculture and Conservation (AS 03.09.010).

*** Sec. 29.** AS 03.10.050(b), 03.10.050(d), 03.10.052; and AS 39.50.200(b)(1) are repealed.

*** Sec. 30.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION. (a) Notwithstanding AS 03.09.010(b), enacted in sec. 1 of this Act, two initial appointed members of the Board of Agriculture and Conservation shall be appointed to one-year terms and two initial appointed members of the board shall be appointed to two-year terms.

1 (b) Notwithstanding AS 03.09.040, enacted in sec. 1 of this Act, AS 03.10.020(a), as
2 amended in sec. 2 of this Act, AS 03.10.030(h), as amended in sec. 8 of this Act, and
3 AS 03.10.033(a), as amended in sec. 9 of this Act, regulations that apply to the agricultural
4 revolving loan fund and to loans from the fund remain in effect until amended or repealed by
5 the Board of Agriculture and Conservation.
6 * **Sec. 31.** This Act takes effect July 1, 2000.

STATE OF ALASKA
HOUSE OF REPRESENTATIVES

Representative Jeannette James

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SPONSOR STATEMENT

House Bill 116
Board of Agriculture and Conservation

3/15/00

HB 116 (RES) is the culmination of much intensive work by representatives from the legislature, administration, conservation boards, and the agriculture industry.

House Bill 116 proposes a new board - The Board of Agriculture and Conservation – comprised of the Commissioner of DNR plus seven people involved in grass-roots commercial production agriculture.

It extends the life of the Agriculture Revolving Loan Fund (ARLF) by instituting a grass-roots, fiscally conservative board that has more control over ARLF funds. It makes the ARLF interest rate competitive with other loans which are currently drawing farmers away and shortening the life and income of the ARLF. HB 116 allows flexibility for the new board to restructure loans in the event of a disaster, and it strengthens the emergency loan program.

The bill also assures that the board will be consulted prior to any disposal of agricultural land. The new board submits names to the Commissioner of DNR for selection of a Director of the Division of Agriculture, which gives the grass-roots industry a say in the appointment of that position.

House Bill 116 provides much-needed stability and allows long-term planning and growth for the agriculture industry in Alaska.

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Sectional Analysis
CS HB 116 - work draft Z
3/15/00

Section 1 adds an entire new chapter to Title 3 Agriculture and Animals

"CHAPTER 9. BOARD OF AGRICULTURE AND CONSERVATION."

The new Board of Agriculture and Conservation consists of the Commissioner of D.N.R. and seven members appointed by the Governor:

One with business or financial experience,
One from a statewide agriculture promotion organization,
One from Alaska Soil and Water Conservation Districts,
Four from different enterprises in commercial production agriculture.

Appointed members serve staggered three-year terms and may be removed from office by the Governor only if the governor first provides a written statement of the reasons for removal.

A person may be appointed to the Board even though that person or an immediate family member has an existing lease, permit, or loan for which the board is responsible, but that person may not participate in any Board action that directly affects that lease, permit, or loan.

While serving on the Board, and for one year after leaving that office, a board member or an immediate family member of a board member may not obtain a new lease, permit, or loan for which the Board is responsible.

The director of agriculture shall be chosen by the Commissioner of DNR from a list of two or more names submitted by the Board. The director of agriculture shall also serve as the director of the new Board and shall be responsible for the daily operations of the agricultural revolving loan fund, as directed by the Board.

The Board may make recommendations to the Commissioner of DNR regarding identification and disposal of agricultural land.

Section 2 amends existing statute, authorizing the new board (instead of DNR) to make loans.

Section 3 amends existing statute, making the interest rate on farm development, chattel, or irrigation loans comparable to that charged by other agricultural lending institutions in the state.

Section 4 amends existing statute, authorizing the new board, instead of the ARLF Board, to extend the term of a loan for up to three years.

Section 5 amends existing statute, authorizing the new board, in place of DNR and Division of Agriculture, to assess delinquency and penalties on loans.

Section 6 amends existing statute, making the interest rate on farm product processing loans comparable to that charged by other agricultural lending institutions in the state.

Section 7 amends existing statute, making the interest rate on loans for clearing land comparable to that charged by other agricultural lending institutions in the state.

Section 8 amends existing statute, authorizing the new board, instead of the Commissioner of DNR, to adopt regulations to establish other terms and interest rates for loans.

Section 9 amends existing statute, authorizing the new board to restructure loans by reducing interest and extending terms to a borrower who has experienced an agricultural disaster as defined by regulations adopted by the board.

Section 10 amends existing statute, authorizing the new board, rather than the ARLF Board, to approve an application for loan restructuring.

Section 11 amends existing statute, designating the new board, instead of the Commissioner of DNR, to be the recipient of out-standing balance payments.

Section 12 amends existing statue, authorizing the legislature to appropriate money from the ARLF for costs of administering the operations of the new board.

Section 13 amends existing statute, giving the new board, instead of the commissioner of DNR, authority to administer the ARLF. A loan may not be made without the approval of a majority of the board, except that emergency loans up to $50,000 may be approved by majority vote of a committee composed of the board chair, another board member, and the director.

Section 14 amends existing statute, exempting the new board from public meeting requirements.

Section 15 amends existing statute, allowing the new board, rather than DNR, to establish credits for loans maintained in good financial standing.

Section 16 amends existing statute, allowing the new board, rather than the Director of Agriculture, to dispose of property acquired through foreclosure or default. It also allows money from such disposals to be appropriated to the ARLF.

Section 17 amends existing statute and adds a new subsection, specifying that the new board shall be given the opportunity to comment before disposal of any state land designated as agricultural.

Section 18 amends existing statute, specifying that the new board shall be consulted prior to conveyance of agricultural use rights.

Section 19 amends existing statute, specifying that the new board shall be consulted prior to any action to waive, postpone, or modify development requirements of a contract for sale of agricultural land.

Section 20 amends existing statute, specifying that the new board shall be consulted prior to any action to adopt regulations specifying qualifications for lottery participants involving agricultural land disposal.

Section 21 amends existing statute, specifying that the new board shall be consulted prior to any action to provide for the sale of agricultural land subject to state subdivision requirements and municipal ordinances.

Section 22 amends existing statute, specifying that the new board shall be consulted prior to any action to provide for maximum interest rates, to declare a moratorium of up to five years on payments, to certify agreements with purchasers to perform development and expenditures during a moratorium, and to assure compliance with development plans during a moratorium.

Section 23 amends existing statute, specifying that the new board shall be consulted prior to any action granting an Alaska resident first option on auctioned agricultural land.

Section 24 amends existing statute to allow payments collected under this section to be appropriated to the ARLF.

Section 25 amends existing statute, specifying that the new board shall be consulted before the Director of the Division of Mining, Land, and Water disposes of any land designated as agricultural.

Section 26 amends existing statute, allowing payments received under this section to be accounted for separately and appropriated to the ARLF.

Section 27 amends existing statute specifying that the new board shall be consulted prior to any action to dispose of homestead entry land designated as agricultural.

Section 28 adds the new board to the list of boards defined in statute.

Section 29 *REPEALS* existing statutes which:

Define the ARLF Board,
Define a duty of the ARLF Board,
Define limitations on ARLF Board members,
Place the ARLF Board in statute.

Section 30 outlines the transition process from existing boards to the new board.

Section 31 sets the effective date of this bill as July 1, 2000.

1-LS0407\T
Cook
2/15/00

~~adopted 2/16/00~~

CS FOR HOUSE BILL NO. 116(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES JAMES, Harris

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the Board of Agriculture and Conservation, to the**
2 **agricultural revolving loan fund and to loans from the fund, to the disposal of**
3 **interests in state agricultural land; and providing for an effective date."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 *** Section 1.** AS 03 is amended by adding new sections to read:
6 **Chapter 09. Board of Agriculture and Conservation.**
7 **Sec. 03.09.010. Board of Agriculture and Conservation established.** (a)
8 There is established in the department the Board of Agriculture and Conservation. The
9 board consists of the commissioner and seven members appointed by the governor.
10 Appointed members shall have the following qualifications:
11 (1) one member shall have general business or financial experience;
12 (2) one member shall be a member of a statewide agriculture promotion
13 organization;
14 (3) one member shall be a member of a soil and water conservation

1 district established under AS 41.10.130(a) who is also engaged in commercial
2 production agriculture;
3 (4) four members shall be engaged in commercial production
4 agriculture, each shall represent a different agriculture enterprise from the others, such
5 as livestock production, dairy, vegetable production, grain production, horticultural
6 production, and greenhouse and hydroponic production.
7 (b) Appointed members of the board serve staggered three-year terms and until
8 a successor is appointed. Appointed members may be removed from office by the
9 governor only for cause. If a vacancy occurs, the governor shall immediately appoint
10 a member for the unexpired portion of the term.
11 (c) Appointed members of the board receive no compensation, but are entitled
12 to per diem and travel expenses authorized for boards and commissions under
13 AS 39.20.180.
14 (d) While serving on the board and for one year after leaving that office, a
15 board member or an immediate family member of the board member, may not obtain
16 a lease, permit, or loan under AS 03.10 or under AS 38.05. Notwithstanding
17 AS 39.52.150(a), a person may be appointed to the board even though, at the time of
18 appointment, that person, or an immediate family member, has a lease, permit, or loan
19 under AS 03.10 or AS 38.05. However, that person may not participate in any action
20 by the board that directly affects that lease, permit, or loan. If a person with a lease,
21 permit, or loan under AS 03.10 or AS 38.05 is appointed to the board, failure by that
22 person to abide by all the terms and conditions of the lease, permit, or loan constitutes
23 cause for removal under (b) of this section.
24 **Sec. 03.09.020. Officers and employees.** (a) The Board of Agriculture and
25 Conservation shall elect a member to serve as chair and a member to serve as vice-
26 chair for one-year terms. A member may be reelected to serve additional terms as
27 chair or vice-chair.
28 (b) The board may appoint a director, who may employ staff and who is
29 responsible for the daily operations of the agricultural revolving loan fund
30 (AS 03.10.040). The director is in the exempt service under AS 39.25.110.
31 **Sec. 03.09.030. Quorum.** Five members of the Board of Agriculture and

1 Conservation constitute a quorum for the transaction of business or the exercise of a
2 power or function at a meeting of the board.
3 **Sec. 03.09.040. Regulations.** (a) The Board of Agriculture and Conservation
4 may adopt regulations under AS 44.62 (Administrative Procedure Act) to carry out its
5 duties.
6 (b) The board may, by regulation, classify loan and marketing information and
7 make some classes of loan or marketing information confidential.
8 **Sec. 03.09.050. Agricultural land.** The Board of Agriculture and
9 Conservation may recommend to the commissioner that land in the land disposal bank
10 established under AS 38.04.020 be classified as suitable for agriculture. The board
11 may identify state land for agricultural disposal and request the commissioner to
12 provide for the survey and disposal of the land.
13 * **Sec. 2.** AS 03.10.020(a) is amended to read:
14 (a) The **Board of Agriculture and Conservation (AS 03.09.010)**
15 [DEPARTMENT] may
16 (1) make a loan to
17 (A) an individual resident farmer, homesteader, or a partnership
18 or corporation composed of farmers and homesteaders for
19 (i) clearing land for agricultural purposes;
20 (ii) development of farms;
21 (iii) storage and processing of farm produce; or
22 (iv) the purchase of livestock or machinery;
23 (B) an individual state resident, or a partnership or corporation
24 for
25 (i) storage and processing plants for agricultural
26 products;
27 (ii) the commercial production or processing of
28 horticultural products in the state;
29 (iii) the commercial production or processing of animal
30 feed in the state; or
31 (iv) the raising or care of animals in the state for the

1 purpose of marketing their fur;
2 (2) designate agents and delegate its powers to them as necessary;
3 (3) adopt regulations necessary to carry out its functions, including
4 regulations to establish reasonable fees for services provided and charges for collecting
5 the fees;
6 (4) establish amortization plans for repayment of loans, which may
7 include delayed payments of principal and interest for not to exceed five years;
8 (5) enter into agreements with private lending institutions, other state
9 agencies or agencies of the federal government, to carry out the purposes of this
10 chapter;
11 (6) collect the fees and collection charges established under this
12 subsection.
13 * **Sec. 3.** AS 03.10.030(a) is amended to read:
14 (a) The farm development, chattel, or irrigation loan made under this chapter
15 (1) may not exceed a term of 30 years, except that a chattel loan may
16 not exceed a term of seven years;
17 (2) may not, when added to the outstanding balance of other loans
18 made under this chapter, exceed a total outstanding balance of $1,000,000;
19 (3) shall be secured by a real estate or chattel mortgage of any priority,
20 except that the portion of a loan that exceeds $500,000, when added to prior
21 indebtedness that is secured by the same property, must be secured by a first mortgage;
22 (4) shall bear interest at a **fixed** rate **comparable to that charged by**
23 **other agricultural** [THAT MAY NOT BE LESS THAN EIGHT PERCENT OR
24 MORE THAN THE COMMERCIAL RATE, UNLESS THE COMMERCIAL RATE
25 IS EIGHT PERCENT OR LESS; IN THIS PARAGRAPH, "COMMERCIAL RATE"
26 MEANS THE PREVAILING RATE OF INTEREST AT PRIVATE] lending
27 institutions in the state for loans similar to those referred to in this subsection.
28 * **Sec. 4.** AS 03.10.030(c) is amended to read:
29 (c) A **short-term** [SHORT TERM] loan, to be amortized within one year, not
30 to exceed $350,000 to any one borrower may be made for operating purposes, except
31 that a loan made under this subsection may not exceed $200,000 unless the loan is

made to a borrower in a farm disaster area declared under AS 03.10.058. **The loan shall bear interest at a fixed rate comparable to that charged by other agricultural lending institutions in the state for loans similar to those referred to in this subsection.** An applicant for a **short-term** [SHORT TERM] loan may be required to purchase insurance through the Federal Crop Insurance Act (7 U.S.C. 1501 - 1520) as a condition of the loan. The term of a loan made under this subsection may be extended for up to three years by the **Board of Agriculture and Conservation** [AGRICULTURAL REVOLVING LOAN FUND BOARD], in the discretion of the board, upon application by the borrower.

* **Sec. 5.** AS 03.10.030(e) is amended to read:

(e) An installment payment is delinquent unless it is mailed by the borrower on or before the 30th day after the date specified for payment in the loan agreement or unless it is received by the **Board of Agriculture and Conservation** [DEPARTMENT] on or before the 30th day after the date specified for payment in the loan agreement. If an installment payment is delinquent, the director of the **board** [DIVISION OF AGRICULTURE OF THE DEPARTMENT] may assess a delinquency penalty. The delinquency penalty shall be an amount equal to seven percent of the delinquent payment, but the combined delinquency penalty and loan interest may not exceed 15 percent.

* **Sec. 6.** AS 03.10.030(f) is amended to read:

(f) A farm product processing loan may not exceed $250,000. A mortgage that secures a farm product processing loan may be of any priority if the total indebtedness on the real estate, including the secured farm product processing loan, does not exceed $250,000. A farm product processing loan that, if made, would raise the existing indebtedness on the real estate securing the loan above $250,000, or a farm product processing loan on real estate that has a prior indebtedness of $250,000 or more, may be made only if all prior mortgagees agree to subordinate their mortgages to that of the state for the amount of the farm product processing loan that exceeds the $250,000 indebtedness limit on the real estate. A farm product processing loan may not exceed a term of 30 years or bear interest **at a rate** that is less than **a fixed rate comparable to that charged by other agricultural lending institutions**

1 **in the state for similar loans,** [EIGHT PERCENT A YEAR] and shall be secured by
2 a real estate or chattel mortgage or both.
3 * **Sec. 7.** AS 03.10.030(g) is amended to read:
4 (g) A loan for clearing land may not
5 (1) exceed $250,000;
6 (2) bear interest **at a rate** that is less than **a fixed rate comparable to**
7 **that charged by other agricultural lending institutions in the state for similar**
8 **loans** [EIGHT PERCENT];
9 (3) have a term in excess of 20 years; or
10 (4) be made for clearing land other than land that has been classified
11 by the United States Department of Agriculture, **Natural Resource** [SOIL]
12 Conservation Service, under the Land Capability Classification System as having
13 agricultural potential for the production of annual crops **or** [,] hay, or for pasture.
14 * **Sec. 8.** AS 03.10.030(h) is amended to read:
15 (h) The **Board of Agriculture and Conservation** [COMMISSIONER] shall
16 adopt regulations to establish other terms for loans made under this chapter, consistent
17 with the provisions of this section, and may establish interest rates for loans under
18 (a)(4) of this section that
19 (1) encourage agricultural development;
20 (2) do not subsidize nonviable agricultural enterprises; and
21 (3) do not discriminate against viable existing agricultural enterprises.
22 * **Sec. 9.** AS 03.10.033(a) is amended to read:
23 (a) To increase the return to the state, the **Board of Agriculture and**
24 **Conservation** [AGRICULTURAL REVOLVING LOAN FUND BOARD] may
25 restructure loans **(1)** in existence on January 1, 1987, made by the **former**
26 **Agricultural Revolving Loan Fund Board** [BOARD] or by the **former** Alaska
27 Agricultural Action Council based upon guidelines approved by the **Board of**
28 **Agriculture and Conservation; (2) of a borrower in an area that has been**
29 **declared a farm disaster area under AS 03.10.058; or (3) of a borrower who has**
30 **experienced an agricultural disaster based upon regulations adopted by the**
31 **Board of Agriculture and Conservation. Notwithstanding any other provision of**

1 **law that relates to loan terms, the** [BOARD. THE] restructuring may only include
2 reduction of interest **to a fixed rate not less than five percent a year** [TO RATES
3 BELOW THOSE SPECIFIED BY AS 03.10.030], an extension of the term of the loan,
4 and an improvement to the security interest of the state. It may not reduce the amount
5 of principal and interest owed before the loan is restructured. **AS 03.10.030(a)(1) does**
6 **not apply to a loan that is restructured under this section.**
7 * **Sec. 10.** AS 03.10.033(c) is amended to read:
8 (c) Notwithstanding any other provision of this section, the **Board of**
9 **Agriculture and Conservation** [AGRICULTURAL REVOLVING LOAN FUND
10 BOARD] may approve an application for restructuring under this section only upon
11 (1) the applicant's written release of the state, including [THE
12 ALASKA AGRICULTURE ACTION COUNCIL, THE AGRICULTURAL
13 REVOLVING LOAN FUND, AND] the University of Alaska, from all potential
14 liability for actions and omissions occurring before the date of restructuring that relate
15 in any way to a state farm project, land sale, land sale relinquishment, farm loan, or
16 loan application or loan modification application, whether granted or denied by the
17 state; and
18 (2) assignment by the applicant to the board of the proceeds from the
19 federal government under 7 U.S.C. 1442 (Conservation Reserve Program) and P.L. 88-
20 26 (Feed Grain Act of 1963), as amended.
21 * **Sec. 11.** AS 03.10.035(a) is amended to read:
22 (a) A borrower may not use farm land for a **nonfarm** [NON-FARM] use or
23 sell, lease, or otherwise dispose of farm land if that land is encumbered by a mortgage
24 given to secure the payment of a farm development, chattel, or irrigation system loan
25 under this chapter unless the borrower either
26 (1) pays the outstanding balance of the loan in a lump sum or under
27 other terms agreed to by the **Board of Agriculture and Conservation**
28 [COMMISSIONER] that accelerate payment of the loan; or
29 (2) pays the outstanding principal balance for the remaining term of the
30 loan at the prevailing rate of interest that is charged by commercial banks in the state
31 during the calendar quarter in which the **board** [DEPARTMENT] receives notice of

1 the change of use, sale, lease, or other disposal of the farm land.
2 * **Sec. 12.** AS 03.10.040(b) is amended to read:
3 (b) Money in the fund may be used by the legislature to make appropriations
4 for costs of administering this chapter **and for operations of the Board of**
5 **Agriculture and Conservation**.
6 * **Sec. 13.** AS 03.10.050(a) is amended to read:
7 (a) The **Board of Agriculture and Conservation** [COMMISSIONER] shall
8 administer the **agricultural revolving** loan fund [IN CONJUNCTION WITH THE
9 AGRICULTURAL REVOLVING LOAN FUND BOARD]. **A** [NO] loan [IN EXCESS
10 OF $25,000] may **not** be made [BY THE COMMISSIONER] without the approval of
11 a majority of the board**, except that emergency loans based upon regulations**
12 **adopted by the board and not to exceed $50,000 may be made upon the approval,**
13 **by majority vote, of a committee composed of the chair of the board, another**
14 **board member, and the director of the board**.
15 * **Sec. 14.** AS 03.10.050(c) is amended to read:
16 (c) A meeting of the [AGRICULTURAL REVOLVING LOAN FUND] board
17 to act on applications for loans is exempt from the public meeting requirements of
18 AS 44.62.310.
19 * **Sec. 15.** AS 03.10.050(e) is amended to read:
20 (e) To encourage the prompt payment of loans, the **board** [DEPARTMENT]
21 may establish a program of credits for persons who have a loan from the agricultural
22 revolving loan fund and maintain good financial standing. The credits may be applied
23 against no more than two percentage points a year of the interest due on agricultural
24 revolving loan fund loans.
25 * **Sec. 16.** AS 03.10.050(g) is amended to read:
26 (g) The **board** [DIRECTOR OF AGRICULTURE] may dispose of property
27 acquired by the **agricultural revolving loan fund** [AGRICULTURAL REVOLVING
28 LOAN FUND BOARD OR BY THE COMMISSIONER] through foreclosure, default,
29 or other action arising out of agricultural loans or the sale of agricultural land.
30 Disposals shall be conducted under regulations approved by the commissioner. The
31 regulations must ensure that the property is disposed of so as to maximize the return

to the state and must require that the parcels of land that are composed primarily of cropland soils be restricted to agricultural uses and disposed of only to persons who are residents of the state.

* **Sec. 17.** AS 38.04.020(g) is amended to read:

(g) After July 1 of each year, the commissioner shall direct the expenditure of money appropriated for the disposal of land in response to requests made under (e) and (f) of this section for the following:

(1) **land** [LAND] designated as suitable for homestead disposal shall be classified and surveyed under this chapter and AS 38.05 and made available for staking and lease under AS 38.09**;** [.]

(2) **land** [LAND] designated as suitable for subdivision and homesite disposal shall be surveyed, subdivided, classified, and disposed of under this chapter, AS 38.05, and AS 38.08**;** [.]

(3) **land** [LAND] designated [AGRICULTURAL,] commercial, industrial, or suitable for other disposal shall be sold under AS 38.05.055 or 38.05.057**;**

(4) land designated agricultural shall be disposed of under AS 38.05.055 - 38.05.065, except the Board of Agriculture and Conservation (AS 03.09.010) shall receive notice of each proposed disposal and be given an opportunity to comment before the final disposal decision is made.

* **Sec. 18.** AS 38.04.030 is amended to read:

Sec. 38.04.030. Land availability programs. Programs that may be used by the director to make the state's land surface available for private use under AS 38.04.020 - 38.04.055 include sale of whole or partial rights to the fee simple estate, including conveyance of agricultural use rights; leasing; open-to-entry; homesiting; homesteading; permitting for construction and occupation of cabins in isolated locations on land retained in state ownership; and other methods as provided by law. **However, agricultural use rights may be conveyed only after consulting with the Board of Agriculture and Conservation.**

* **Sec. 19.** AS 38.05.020(b)(7) is amended to read:

(7) **after consulting with the Board of Agriculture and Conservation (AS 03.09.010), to** waive, postpone, or otherwise modify the development requirements

of a contract for the sale of agricultural land if

(A) the land is inaccessible by road; or

(B) transportation, marketing, and development costs render the required development uneconomic;

* **Sec. 20.** AS 38.05.057(c) is amended to read:

(c) The commissioner**, after consulting with the Board of Agriculture and Conservation (AS 03.09.010),** may adopt regulations under the Administrative Procedure Act (AS 44.62) **that** [WHICH] specify qualifications for lottery participants different from those specified in (b) of this section if

(1) an interest in land limited to agricultural purposes is to be sold under (a) of this section;

(2) the sale is a part of a program to develop agricultural land as a renewable resource of the state; and

(3) the regulations include residency, skill, experience, and financial requirements necessary to qualify persons who are competent and financially able to develop the land as a successful agricultural enterprise.

* **Sec. 21.** AS 38.05.059 is amended to read:

Sec. 38.05.059. Sale of agricultural land. The commissioner**, after consulting with the Board of Agriculture and Conservation (AS 03.09.010),** may provide for the sale of land classified under AS 38.05.020(b)(6) for agricultural uses in parcels or tracts described by aliquot parts. The parcels or tracts are subject to state subdivision requirements and municipal ordinances.

* **Sec. 22.** AS 38.05.065(h) is amended to read:

(h) The commissioner**, after consulting with the Board of Agriculture and Conservation (AS 03.09.010),**

(1) shall provide that, notwithstanding (a) and (b) of this section, in a contract for the sale of land classified under AS 38.05.020(b)(6) for agricultural uses, the interest rate to be charged on installment payments may not exceed 9.5 percent; and

(2) may declare a moratorium of up to five years on payments on land sold under this section or land classified under AS 38.05.020(b)(6) for agricultural

1 uses if

2 (A) the commissioner determines that the moratorium is in the
3 best interest of the state;

4 (B) the commissioner certifies and the contract purchaser agrees
5 to perform farm development, crop production, and harvesting, not including
6 land clearing or related activity, requiring the expenditure of amounts
7 equivalent to the payments that would otherwise be made during the
8 moratorium;

9 (C) the sale of the agricultural land takes place after July 1,
10 1979; and

11 (D) the contract purchaser is in compliance with the
12 development plan specified in the purchase contract at the time the purchaser
13 applies for a moratorium under this subsection and remains in compliance with
14 the development plan during the moratorium; for the payments subject to the
15 moratorium declared under this paragraph, interest payments are subject to the
16 moratorium but interest continues to accrue during the moratorium.

17 * **Sec. 23.** AS 38.05.069(a) is amended to read:

18 (a) <u>After consulting with the Board of Agriculture and Conservation</u>
19 <u>(AS 03.09.010), on</u> [ON] a determination that the highest and best use of unoccupied
20 land is for agricultural purposes and that it is in the best interests of the state to sell
21 or lease the land, the commissioner shall grant to an <u>Alaska</u> [ALASKAN] resident
22 owning and using or leasing and using land for agricultural purposes a first option at
23 the auction to purchase or lease the unoccupied land situated adjacent to land presently
24 held by the <u>Alaska</u> [ALASKAN] resident for the amount of the high bid received at
25 public auction. If more than one <u>Alaska</u> [ALASKAN] resident qualifies for a first
26 option under this section, eligibility for the first option shall be determined by lot and
27 the option must be exercised on the conclusion of the public auction. A parcel of
28 agricultural land sold under this section may not be less than 20 acres, and a parcel of
29 agricultural land that is acquired by exercise of the option granted in this subsection
30 may not exceed 320 acres. Agricultural land that is acquired under this section must
31 be used for agricultural purposes as required by law.

1 * **Sec. 24.** AS 38.05.321(e) is amended to read:

2 (e) A landowner may subdivide land classified for agricultural use and for
3 which the landowner obtained a patent under a homestead entry permit issued under
4 AS 38.09 so long as the resulting parcels are not in violation of the minimum parcel
5 size set out in (a) of this section. A landowner may subdivide other land classified for
6 agricultural use as authorized under (d)(3)(C) of this section. If the subdivision
7 involves land classified for agricultural use and for which the landowner obtained a
8 patent under a homestead entry permit issued under AS 38.09, or if the subdivision of
9 land authorized under (d)(3)(C) of this section results only in parcels of 640 acres or
10 more, the landowner may subdivide without payment as required by this subsection.
11 If subdivision of land authorized by (d)(3)(C) of this section would result in one or
12 more parcels of less than 640 acres, the landowner may subdivide only if the
13 landowner first tenders payment to the department for the right to construct housing
14 in each subdivided parcel of less than 640 acres. **Payments collected under this**
15 **subsection shall be separately accounted for and may be appropriated to the**
16 **agricultural revolving loan fund (AS 03.10.040).** For purposes of this subsection,
17 the value of the right to construct housing in a subdivided parcel

18 (1) is $4,000 for the parcel, subject to adjustment under (h) of this
19 section; or

20 (2) shall be determined by an appraisal made by an appraiser under
21 contract to the landowner owning the parcel, and the appraisal must include the value,
22 determined as of the date of subdivision, of the right to construct housing by the
23 landowner under (d)(3) of this section.

24 * **Sec. 25.** AS 38.05.035(b) is amended to read:

25 (b) The director may

26 (1) delegate the administrative duties, functions or powers imposed
27 upon the director to a responsible employee in the division;

28 (2) grant preference rights for the lease or purchase of state land
29 without competitive bid in order to correct errors or omissions of a state or federal
30 administrative agency when inequitable detriment would otherwise result to a diligent
31 claimant or applicant due to situations over which the claimant or applicant had no

1 control; the exercise of this discretionary power operates only to divest the state of its
2 title to or interests in land and may be exercised only
3 (A) with the express approval of the commissioner; and
4 (B) if the application for the preference right is filed with the
5 director within three years from
6 (i) the occurrence of the error or omission;
7 (ii) the date of acquisition by the state of the land; or
8 (iii) the date of a court decision or settlement nullifying
9 a disposal of state land;
10 (3) grant a preference right to a claimant who shows bona fide
11 improvement of state land or of federal land subsequently acquired by the state and
12 who has in good faith sought to obtain title to the land but who, through error or
13 omission of others occurring within the three years before (A) the application for the
14 preference right, (B) the date of acquisition by the state of the land, or (C) the date of
15 a court decision or settlement nullifying a disposal of state land, has been denied title
16 to it; upon a showing satisfactory to the commissioner, the claimant may lease or
17 purchase the land at the price set on the date of original entry on the land or, if a price
18 was not set at that time at a price determined by the director to fairly represent the
19 value of unimproved land at the time the claim was established, but in no event less
20 than the cost of administration including survey; the error or omission of a predecessor
21 in interest or an agent, administrator, or executor which has clearly prejudiced the
22 claimant may be the basis for granting a preference right;
23 (4) sell land by lottery for less than the appraised value when, in the
24 judgment of the director, past scarcity of land suitable for private ownership in any
25 particular area has resulted in unrealistic land values;
26 (5) when the director determines it is in the best interest of the state
27 and will avoid injustice to a person or the heirs or devisees of a person, dispose of
28 land, by direct negotiation to that person who presently uses and who used and made
29 improvements to that land before January 3, 1959, or to the heirs or devisees of the
30 person; the amount paid for the land shall be its fair market value on the date that the
31 person first entered the land, as determined by the director; a parcel of land disposed

of under this paragraph shall be of a size consistent with the person's prior use, but may not exceed five acres;

(6) **after consulting with the Board of Agriculture and Conservation (AS 03.09.010),** dispose of an interest in land limited to use for agricultural purposes by lottery;

(7) convey to an adjoining landowner for its fair market value a remnant of land that the director considers unmanageable or a parcel of land created by a highway right-of-way alignment or realignment, or a parcel created by the vacation of a state-owned right-of-way if

(A) the director determines that it is in the best interests of the state;

(B) the parcel does not exceed the minimum lot size under an applicable zoning code; and

(C) the director and the platting authority having land use planning jurisdiction agree that conveyance of the parcel to the adjoining landowner will result in boundaries that are convenient for the use of the land by the landowner and compatible with municipal land use plans;

(8) for good cause extend for up to 90 days the time for rental or installment payments by a lessee or purchaser of state land under this chapter if reasonable penalties and interest set by the director are paid;

(9) quitclaim land or an interest in land to the federal government on a determination that the land or the interest in land was wrongfully or erroneously conveyed by the federal government to the state;

(10) negotiate the sale or lease of state land at fair market value to a person who acquired by contract, purchase, or lease rights to improvements on the land from another state agency or who leased the land from another state agency [;

(11) REPEALED].

* **Sec. 26.** AS 38.07.010(b) is amended to read:

(b) The land **that is** [THUS] cleared or drained **under (a) of this section** shall be put up for competitive lease in lots of not less than 320 acres each. **Lease payments shall be separately accounted for and may be appropriated to the**

1 **agricultural revolving loan fund (AS 03.10.040).**
2 * **Sec. 27.** AS 38.09.010(a) is amended to read:
3 (a) The commissioner shall designate and make available for homestead entry
4 state land, including**, after consulting with the Board of Agriculture and**
5 **Conservation (AS 03.09.010),** land classified for agricultural use. State land made
6 available for homestead entry under this chapter shall be distributed throughout the
7 state.
8 * **Sec. 28.** AS 39.25.110 is amended by adding a new paragraph to read:
9 (34) the director of the Board of Agriculture and Conservation.
10 * **Sec. 29.** AS 39.50.200(b) is amended by adding a new paragraph to read:
11 (56) Board of Agriculture and Conservation (AS 03.09.010).
12 * **Sec. 30.** AS 03.10.050(b), 03.10.050(d), 03.10.052; and AS 39.50.200(b)(1) are repealed.
13 * **Sec. 31.** The uncodified law of the State of Alaska is amended by adding a new section
14 to read:
15 TRANSITION. (a) Notwithstanding AS 03.09.010(b), enacted in sec. 1 of this Act,
16 two initial appointed members of the Board of Agriculture and Conservation shall be
17 appointed to one-year terms and two initial appointed members of the board shall be appointed
18 to two-year terms.
19 (b) Notwithstanding AS 03.09.040, enacted in sec. 1 of this Act, AS 03.10.020(a), as
20 amended in sec. 2 of this Act, AS 03.10.030(h), as amended in sec. 8 of this Act, and
21 AS 03.10.033(a), as amended in sec. 9 of this Act, regulations that apply to the agricultural
22 revolving loan fund and to loans from the fund remain in effect until amended or repealed by
23 the Board of Agriculture and Conservation.
24 * **Sec. 32.** This Act takes effect July 1, 2000.

COMPILED DNR DELEGATIONS CURRENT TO 11/9/99

STATUTE	AUTHORITY	VESTED	DEL TO
AS 03.05.010(a)(1)	Direct agricultural research.	COMM	DOA
AS 03.05.010(a)(2)	Collect agricultural information and make public.	COMM	DOA
AS 03.05.010(a)(3)	Provide information to farmers.	COMM	DOA
AS 03.05.010(a)(4)	Study agricultural market and negotiate marketing with other state and federal agencies.	COMM	DOA
AS 03.05.010(a)(5)	Regulate and control entry into the state and the transport, sale or use of plants, seeds, vegetables and shell eggs.	COMM	DOA
AS 03.05.010(a)(6)	Regulate the farming of elk. Comment: "Commissioner retains authority to adopt regulations."	COMM	DOA
AS 03.05.010(b)	Adopt regulations to carry out requirements of title.	COMM	NONE
AS 03.05.010(b)	Require labeling, inspect for pests, order quarantines, and cooperate with other state and federal agencies.	COMM	DOA
AS 03.05.040(a)	Enter premises to inspect agricultural products. Delegation by memorandum dated Sept. 30, 1999.	COMM	DOA
AS 03.05.050(a)	Find agricultural product to be in violation and allow removal only if specifically directed. Delegation by memorandum dated Sept. 30, 1999.	COMM	DOA
AS 03.10.020(a)(1)	Make loans.	COMM	DOA
AS 03.10.020(a)(2)	Delegate powers.	COMM	DOA
AS 03.10.020(a)(3)	Adopt regulations.	COMM	NONE
AS 03.10.020(a)(4)	Establish amortization plans.	COMM	DOA
AS 03.10.020(a)(5)	Enter into agreements.	COMM	DOA
AS 03.10.030	Set terms for farm development, chattel, irrigation, farm operating, farm product processing and land clearing loans.	COMM	DOA

STATUTE	AUTHORITY	VESTED	DEL TO
AS 03.10.030(h)	Adopt regulations to establish other terms and interest rates.	COMM	NONE
AS 03.10.050(a)	Share administration of agricultural revolving loan fund board.	COMM	DOA
AS 03.10.050(e)	Establish a program of credits for persons with ARLF loans.	COMM	DOA
AS 03.10.050(g)	Dispose of land acquired by ARLF or by the commissioner. [Error in citation corrected by memorandum dated October 4, 1994.] Comment: "Commissioner retains authority to adopt disposal regulations."	DOA	NONE
AS 03.12.030	REPEALED 1983.		
AS 03.13.010	Administer Federal Crop Insurance Corporation Program.	COMM	DOA
AS 03.16.020	Use appropriations to control pests.	COMM	DOA
AS 03.17.010	REPEALED 1995.		
AS 03.17.020	REPEALED 1995.		
AS 03.17.040	REPEALED 1995.		
AS 03.17.060(a)	REPEALED 1995.		
AS 03.17.060(c)	REPEALED 1995.		
AS 03.17.065	REPEALED 1995.		
AS 03.20.030	Receive fair operation grant applications, decide whether eligible, make grants, and require satisfactory receipts. Receive report of all expenditures and transmit report to legislature. Comment: "Send report through commissioner's office."	COMM	DOA
AS 03.20.035	Receive fair capital improvement grant applications, determine eligibility, issue grants, require receipts. Transmit association's report to the legislature.	COMM	DOA
AS 03.20.040	Collect and display exhibits outside of the state and account for expenses.	COMM	DOA
AS 03.20.050	Divide available funds for multiple fairs within same house election district.	COMM	DOA
AS 03.20.060	Require fairs to purchase some permanent exhibits and hold them until needed.	COMM	DOA

STATUTE	AUTHORITY	VESTED	DEL TO
AS 03.20.070(b)	Investigate and require refund of unexpended capital improvement funds.	COMM	DOA
AS 03.22.010	Establish and maintain plant materials center.	COMM	DOA
AS 03.22.030	Obtain site and erect buildings if needed for plant materials center.	COMM	DOA
AS 03.22.040	Hire personnel.	COMM	DOA
AS 03.22.050	Sign memorandum of understanding with SCS, Institute of Agricultural Sciences, and other agencies or organizations.	COMM	DOA
AS 03.22.060	Report to legislature annually. Comment: "Send through commissioner's office."	COMM	DOA
AS 03.22.070	Seek financial and other assistance from other sources.	COMM	DOA
AS 03.22.080	Approve vouchers and set method for approval.	COMM	DOA
AS 03.35.030	Receive copy of district court order setting up controlled livestock districts.	DOA	NONE
AS 03.40.030	Accept brands for record and notify owner when renewal due.	COMM	DOA
AS 03.40.040	Furnish certified copy of record to owner.	COMM	DOA
AS 03.40.050	Issue certificates of acceptance.	COMM	DOA
AS 03.40.070	Record transfers of brand.	COMM	DOA
AS 03.40.090	Publish book of brands for public sale.	COMM	DOA
AS 03.40.110	Require owners of animals brought into state to change brand if too similar to recorded brand.	COMM	DOA
AS 03.40.160	Give permits for slaughter of branded livestock.	COMM	DOA
AS 03.40.250	Inspect branded livestock at any time.	COMM	DOA
AS 03.47.030	Prevent spread of bee diseases and take necessary action. Comment: "Commissioner retains regulation adoption authority."	DOA	NONE
AS 03.57.010	REPEALED 1995.		
AS 03.57.020	REPEALED 1995.		
AS 03.57.030	REPEALED 1995.		

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SPONSOR STATEMENT

House Bill 116
Board of Agriculture and Conservation

2/10/00

HB 116 (RES) is the culmination of much intensive work by representatives from the legislature, administration, conservation boards, and the agriculture industry.

House Bill 116 proposes a new board - The Board of Agriculture and Conservation – comprised of the Commissioner of DNR plus seven people involved in grass-roots commercial production agriculture.

It extends the life of the Agriculture Revolving Loan Fund (ARLF) by instituting a grass-roots, fiscally conservative board that has more control over ARLF funds. It makes the ARLF interest rate competitive with other loans which are currently drawing farmers away and shortening the life and income of the ARLF. HB 116 allows flexibility for the new board to restructure loans in the event of a disaster, and it strengthens the emergency loan program.

HB 116 also assures that the board will be consulted prior to any disposal of agricultural land.

The new board takes over statutory duties of the existing Division of Agriculture and hires an executive director, which means long-term predictable continuity for that position. Putting decision-making power in the hands of a revolving board instead of a politically appointed director provides much-needed stability and allows long-term planning and growth for the agriculture industry in Alaska.

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Sectional Analysis
CS HB 116 (RES)
2/10/00

Section 1 adds an entire new chapter to Title 3 Agriculture and Animals

"CHAPTER 9. BOARD OF AGRICULTURE AND CONSERVATION."

The new Board of Agriculture and Conservation consists of the Commissioner of D.N.R. and seven members appointed by the Governor:

One with business or financial experience,
One from a statewide agriculture promotion organization,
One from Alaska Soil and Water Conservation Districts,
Four from different enterprises in commercial production agriculture.

Appointed members serve staggered three-year terms, and they may appoint a director who can employ staff and is responsible for daily operations of the ARLF.

Statutory duties of the Division of Agriculture are transferred to the new board.

A person may be appointed to the board even though that person or an immediate family member has an existing lease, permit, or loan for which the board is responsible, but that person may not participate in any board action that directly affects that lease, permit, or loan.

While serving on the board, and for one year after leaving that office, a board member or an immediate family member of a board member may not obtain a new lease, permit, or loan for which the board is responsible.

The board may adopt regulations and may make recommendations to the Commissioner of DNR regarding identification and disposal of agricultural land.

Section 2 amends existing statute, authorizing the new board (instead of DNR) to make loans.

Section 3 amends existing statute, making the interest rate on farm development, chattel, or irrigation loans comparable to that charged by other agricultural lending institutions in the state.

Section 4 amends existing statute, authorizing the new board, instead of the ARLF Board, to extend the term of a loan for up to three years.

Section 5 amends existing statute, authorizing the new board, in place of DNR and Division of Agriculture, to assess delinquency and penalties on loans.

Section 6 amends existing statute, making the interest rate on farm product processing loans comparable to that charged by other agricultural lending institutions in the state.

Section 7 amends existing statute, making the interest rate on loans for clearing land comparable to that charged by other agricultural lending institutions in the state.

Section 8 amends existing statute, authorizing the new board, instead of the Commissioner of DNR, to adopt regulations to establish other terms and interest rates for loans.

Section 9 amends existing statute, authorizing the new board to restructure loans by reducing interest and extending terms to a borrower who has experienced an agricultural disaster as defined by regulations adopted by the board.

Section 10 amends existing statute, authorizing the new board, rather than the ARLF Board, to approve an application for loan restructuring.

Section 11 amends existing statute, designating the new board, instead of the Commissioner of DNR, to be the recipient of out-standing balance payments.

Section 12 amends existing statue, authorizing the legislature to appropriate money from the ARLF for costs of administering the operations of the new board.

Section 13 amends existing statute, giving the new board, instead of the commissioner of DNR, authority to administer the ARLF. A loan may not be made without the approval of a majority of the board, except that emergency loans up to $50,000 may be approved by majority vote of a committee composed of the board chair, another board member, and the director.

Section 14 amends existing statute, exempting the new board from public meeting requirements.

Section 15 amends existing statute, allowing the new board, rather than DNR, to establish credits for loans maintained in good financial standing.

Section 16 amends existing statute, allowing the new board, rather than the Director of Agriculture, to dispose of property acquired through foreclosure or default. It also allows money from such disposals to be appropriated to the ARLF.

Section 17 amends existing statute and adds a new subsection, specifying that the new board shall be given the opportunity to comment before disposal of any state land designated as agricultural.

Section 18 amends existing statute, specifying that the new board shall be consulted prior to conveyance of agricultural use rights.

Section 19 amends existing statute, specifying that the new board shall be consulted prior to any action to waive, postpone, or modify development requirements of a contract for sale of agricultural land.

Section 20 amends existing statute, specifying that the new board shall be consulted prior to any action to adopt regulations specifying qualifications for lottery participants involving agricultural land disposal.

Section 21 amends existing statute, specifying that the new board shall be consulted prior to any action to provide for the sale of agricultural land subject to state subdivision requirements and municipal ordinances.

Section 22 amends existing statute, specifying that the new board shall be consulted prior to any action to provide for maximum interest rates, to declare a moratorium of up to five years on payments, to certify agreements with purchasers to perform development and expenditures during a moratorium, and to assure compliance with development plans during a moratorium.

Section 23 amends existing statute, specifying that the new board shall be consulted prior to any action granting an Alaska resident first option on auctioned agricultural land.

Section 24 amends existing statute to allow payments collected under this section to be appropriated to the ARLF.

Section 25 amends existing statute, specifying that the new board shall be consulted before the Director of the Division of Mining, Land, and Water disposes of any land designated as agricultural.

Section 26 amends existing statute, allowing payments received under this section to be accounted for separately and appropriated to the ARLF.

Section 27 amends existing statute specifying that the new board shall be consulted prior to any action to dispose of homestead entry land designated as agricultural.

Section 28 amends existing statute, adding the new board's director to the list of exempt service employees.

Section 29 adds the new board to the list of boards defined in statute.

Section 30 *REPEALS* existing statutes which:

Define the ARLF Board,
Define a duty of the ARLF Board,
Define limitations on ARLF Board members,
Place the ARLF Board in statute.

Section 31 outlines the transition process from existing boards to the new board.

Section 32 sets the effective date of this bill as July 1, 2000.