

HB

226

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 226
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Natural Resources
 Title Organic Food BRU Agricultural Development
 Component Agricultural Development
 Sponsor Rep. Stoltze, Gatto, Harris, Wilson
 Requester _____ Component No. 455

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	30.0	30.0	30.0	30.0	30.0	30.0
Travel	5.0	5.0	5.0	5.0	5.0	5.0
Contractual	1.5					
Supplies	0.5	0.5	0.5	0.5	0.5	0.5
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	37.0	35.5	35.5	35.5	35.5	35.5

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	37.0	35.5	35.5	35.5	35.5	35.5
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	37.0	35.5	35.5	35.5	35.5	35.5

Estimate of any current year (FY2002) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Funding is requested for a part-time Agricultural Inspector I position. In addition, funding is requested for training, travel to conduct inspections and certifications, and supplies.

Prepared by: House Finance Committee Phone _____
 Approved by: *W.K. Williams* Date/Time 5/7/03 9:43 AM
 Rep. Williams Date 5/7/2003
 Approved by: *[Signature]* Date 5/7/2003
 Rep. Harris

ALASKA STATE LEGISLATURE

Chair:
House Finance Subcommittees for,
Department of Public Safety
Department of Law

Member:
House Finance Committee
Legislative Council



Session:
Alaska State Capitol
Juneau, AK 99801-1182
Phone: (907) 465-4958
Fax: (907) 465-4928

Interim:
PO Box 464
Chugiak, AK 99567

REPRESENTATIVE BILL STOLTZE

Representative_Bill_Stoltze@legis.state.ak.us

Sponsor Statement for House Bill 226

“An Act relating to the sale, offer for sale, representation, and labeling of food or other agricultural products as organic, and to the state organic certification program; and providing for an effective date.”

In 2001 the final rule for the federal definition of “organic” was adopted; the law allowed for a transition period from mid-2001 to October, 2002, giving states 14 months to come into line with the federal definition of organic. House Bill 432 was introduced in April of 2002, and it contained language to make this change. It did not pass before the twenty-second legislative session adjourned, yet the need for the change still lingers.

House Bill 226 is simply a measure to bring the state of Alaska’s definition of organic agricultural products in line with the federal definition. It would create an Alaska organic certification program, providing in-state certification for organic agricultural producers, processors, and handlers.

At this time organic operators are paying to fly certification specialists to Alaska whose fees may be as high as \$1,500 to \$3,000 to verify Alaskan operations comply with the federal organic standards. With the passage of HB 226, qualified inspectors would complete the inspection process, with the final certification process being performed by a designated state official.

I ask for your consideration and support of HB 226 to alleviate the unnecessary burden on organic agricultural operators for the expense, and timing issues, created by not having an Alaskan organic certification program.

DISTRICT 16

BIRCHWOOD • BUTTE • CHUGIAK • EKLUTNA • FAIRVIEW LOOP
KNIK RIVER ROAD • LAZY MOUNTAIN • PALMER • PETERS CREEK

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 226
 (H) Publish Date: 4/10/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Natural Resources
 Title: Organic Food BRU: Agricultural Development
 Component: Agricultural Development
 Sponsor: Reps. Stoltze, Gatto, Harris, Wilson
 Requester: (H) RES Component No. 455

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	30.0	30.0	30.0	30.0	30.0	30.0
Travel	5.0	3.0	3.0	3.0	3.0	3.0
Contractual	1.5					
Supplies	0.5	0.5	0.5	0.5	0.5	0.5
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	37.0	33.5	33.5	33.5	33.5	33.5

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	37.0	33.5	33.5	33.5	33.5	33.5
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type-Do not abbreviate)						
TOTAL	37.0	33.5	33.5	33.5	33.5	33.5

Estimate of any current year (FY2003) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time	1	1	1	1	1	1
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Funding is requested for a part-time Agricultural Inspector I position. In addition, funding is requested for training, travel to conduct inspections and certifications, and supplies.

Prepared by: Dean Brown Phone 761-3867
 Division: Agriculture Date/Time 4/8/2003
 Approved by: Tom Irwin, Commissioner Date 4/8/2003
 Agency: Natural Resources

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

April 7, 2003

SUBJECT: Organic food; sectional summary (HB226)

TO: Representative Bill Stoltze
Attn: Barbara Bitney

FROM: Tamara Brandt Cook *TBC*
Director

Sec. 1. Prohibits a person from selling or labeling an agricultural product as "organic" unless it has been certified under federal law or under the state organic certification program established in this bill.

Sec. 2. Permits the Department of Natural Resources to establish a state organic certification program for agricultural products that meet federal requirements for approval. Permits the department to apply for accreditation as certifying agent under federal law.

Sec. 3. Permits the adoption of regulations to carry out this chapter on organic foods (AS 03.58) and to establish fees for services provided by the department.

Sec. 4. Provides that the section dealing with enforcement is in addition to remedies available under federal law.

Sec. 5. Provides that the chapter does not apply to meat, fish, or poultry. AS 17.06.010-17.06.070, not changed in this bill, applies to the sale as organic of meat, fish, poultry, or processed food.

Sec. 7. Repeals definitions that now appear applicable to this chapter.

Secs. 8 and 10. Permits the Department of Natural Resources to adopt regulations to implement the changes made in this bill, but the regulations do not take effect before the substantive bill sections take effect. This section is given an immediate effective date.

Sec. 9. The revisor is directed to change the name of the chapter.

TBC:med
03-369.med

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

March 26, 2003

SUBJECT: Organic foods (Work Order No. 23-LS0880A)

TO: Representative Bill Stoltze
Attn: Barbara Bitney

FROM: Tamara Brandt Cook *TBC*
Director

The draft dealing with organic foods contains in bill sec. 6 an "applicability" section that provides: "This chapter does not apply to meat, fish, or poultry." You ask why this provision is included in the draft. The draft amends AS. 03.58. That chapter now does not apply to meat, fish, or poultry. (AS 03.58.070(2)) I have found another chapter, not changed in this draft, that deals with the sale as organic of meat, fish, poultry, and processed food. (AS 17.06.010 - 17.06.070, see definition in AS 17.06.070(2))

TBC:med
03-358.med

**THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES**

Alaska Organic Association
P.O. Box 2992
Palmer, Alaska 99645

April 7, 2003

Representative Bill Stoltz
Juneau, Alaska 99811-0001

Representative Bill Stoltz

On behalf of the Alaska Organic Association (AOA) I urge you to pass the Organic Bill HB 226 that allows the State of Alaska to become accredited with the National Organic Program (NOP) in order to certify Alaskan organic farms and food products.

Until October 21, 2002, when the National Organic Program (NOP) took over the accreditation of state and private agencies that certified organic operations, the Alaska Organic Association performed the role of certifier in Alaska. Now, the specifics of the federal government's accreditation application prohibit AOA from becoming accredited and continuing its organic certification program. Without the State of Alaska taking over this role, all organic growers and producers in this state will have to be certified by an out-of-state program. From a marketing standpoint it will be devastating for Alaskan organic growers and producers to have to stamp a label of certification from another state on their Alaska Grown produce. It will also be an embarrassment to the State of Alaska if it is unable to support a local viable sustainable industry. This year there are organic growers that will have to certify with the Washington State program at the expense of approximately \$2,000.00 or more. This excessive cost eliminates some Alaskan growers from certifying their produce as organic with the Federal government while begrudgingly being paid to Washington State by others.

Please refer to HB 226 that specifically addresses the issue of the State of Alaska becoming accredited with the federal government to certify organic operations. The organic growers in the State of Alaska need your support in assuring the passage of this bill so that we can be certified organic here in Alaska. We now face severe federal fines if we market organic produce without certification.

On behalf of the Alaska Organic Association and all organic growers in the State of Alaska, I thank you for your attention and support of this bill.

Sincerely,

River Beun, president
Alaska Organic Association

FROM :

FAX NO. :

Apr. 07 2003 11:46AM P1



Washington State Department of Agriculture
Organic Food Program

APPLICATION

ORGANIC CERTIFICATION COST-SHARE PROGRAM

The Organic Certification Cost-Share Program is designed to provide assistance to organic producers, processors, and handlers who receive and/or update their organic certification between October 1, 2002 and September 30, 2003. Cost-Share payments will be limited to 75 percent of an individual producer, processor, or handler's certification costs, up to a maximum of \$500 per certification.

Only producers, processors, and handler within Washington State are eligible to receive cost-share money from the Washington State Department of Agriculture (WSDA). If your certified farm or facility is located in a state outside of Washington State, you must contact your state department of agriculture for a cost-share application.

CONTACT PERSON		
BUSINESS NAME		
MAILING ADDRESS		
CITY	STATE	ZIP
PRIMARY PHONE NUMBER		ALTERNATE PHONE NUMBER
FAX NUMBER		EMAIL ADDRESS

In order to receive cost-share funds, eligible producers, processor, or handlers must complete this application and the W-9 form each time organic certification costs are incurred. Certification costs include those fees designated under chapter 15-157 WAC as "New Applicant Fee", "Facility Fee", "Site Fee", and "Certification Fee". Export fees, late fees, and transitional certification costs are not eligible for cost-share funds.

Please fill in the amount of certification costs.

Certification Costs: \$ _____

If someone other than you or your company pays for your certification, please list the name and phone number of the entity who pays the certification costs.

NAME OF ENTITY WHO PAYS	PHONE NUMBER
-------------------------	--------------

Please complete and submit the enclosed W-9 form along with this application. The W-9 form must be submitted in order to receive the full amount available under the cost-share program.

Are you certified by Washington State Department of Agriculture? Yes No

If Yes, what is your certification number? Certification Number: _____

If No, you must be certified by a USDA accredited organic certification agency and you must attach a copy of your organic certificate to this application for cost-share funds.

Agreement [The person signing the application must be authorized to represent the firm.]

Signature of Representative _____ Date _____

Print Name _____ Title _____

SEND APPLICATION TO:
Washington State Dept of Agriculture
PO Box 42560
Olympia, WA 98504-2560



STATE OF WASHINGTON
DEPARTMENT OF AGRICULTURE
P.O. Box 42560 • Olympia, Washington 98504-2560 • (360) 902-1800

March 25, 2003

Application Number: 1315

State: Alaska

Mark Rempel
Rempel Family Farm
HCO2-7344
Palmer Ak 99645

Dear Mark Rempel:

Your application has been received. An inspection of your facility will take place later this year.

Cost Share - Though the 2002 National Farm Bill, you are eligible to receive 75% of your annual certification fees up to \$500. Although you are seeking certification through the Washington Department of Agriculture, the cost share reimbursement is allocated through the individual states. If you choose to apply for this Cost-Share Program you must contact the Alaska Department of Agriculture.

If you have any questions, Please contact Rachael Jamison at (360) 902-1851, FAX (360) 902-2087, email: rjamison@agr.wa.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard Carr".

Richard Carr
Organic Food Inspector



**Mark Rempel
Rempel Family Farm**

HC02 Box 7344
Palmer, Alaska 99645
(907) 745-5554
mtrempe!@mtaonline.net

.....

February 26, 2003

Dear Representative Stoltze:

Thank you for your support of Alaska agriculture. I have been farming organically in the Matanuska Valley for over ten years and have been certified organic by Alaska Organic Association since 1999. There are some issues that I believe need to be addressed soon to keep Alaska agriculture moving ahead and not hesitating.

First, Alaska needs to become accredited to certify organic products in accordance with the USDA National Organic Policy. The NOP now outlaws all other standards of organic production in the U. S., so Alaska's law must conform to the federal law if we are to have a State certifying program.

Since Alaska has not conformed its organic law to the national standard, I am having to go out of state (to Washington) to maintain my status as a certified organic farmer for this season. I am ashamed and will not enjoy explaining to customers about the change. It also will cost me about four times as much as it did through Alaska Organic Association (500.00 as opposed to 2000.00).

Second, the Division of Agriculture needs to remain relatively unchanged. There seemed to be some need for better personnel dynamics, but the Division has fulfilled its defined mission well. The suggested change of mission expressed in the Legislative Audit could be explored, but that was not their defined mission. I believe that the conclusions of the auditors were not grounded in sound agriculture or government. People are the best entrepreneurs, not government. Finding new markets may need some assistance by government, but let people grow the industry at a sustainable pace so that we don't get another situation like Mt. McKinley Meats, Della, Pt. McKenzie, etc.

We need the Division to interface with the USDA, one of the largest federal departments, or else we will not be able to effectively interface with that aspect of the Federal Government. Not only farmers would lose if that fell apart.

We need the Division for inspector services. Potato growers, organic growers, and the fishing industry need inspectors that are accessible and not peripheral to some other agency.

We need the Division as a cohesive face for existing and prospective farmers to deal with when they need regulatory guidance, information, and protection. Dealing with government is rarely easy and to scatter it as proposed by the Legislative Audit would be very hard on current Alaska Agriculture let alone improving its future.

I am opposed to having another bureaucrat director in the Division of Agriculture. We need a farmer. Larry DeVilbiss has farmed many different crops in the Matanuska Valley successfully, he is well liked by fellow farmers (conventional and organic alike) and he understands government well. Please, appoint and confirm Larry DeVilbiss Director of Division of Agriculture.

Sincerely,


Mark Rempel