

REG. FINANCE - BILLS 1985 - 1986 2186
SB 120 - CSSB 120 2186

COMMITTEE REPORT
SENATE

FURTHER:

Date _____

Mr. President

The Committee on _____ considered _____

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
D.F.N.
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Chairman

Chairman recommendation

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST Bill/Resolution No.: CSSB 120(Fin) FISCAL DETAIL Agency Affected: Natural Resources
 Title: Agriculture Omnibus Program Category Affected: NRMEC

Sponsor: Senate Finance BRU, Program or Subprogram(s) Affected:
 Requestor: Senator Finance Committee
 Date of Request: _____ Agriculture

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING	0	0				
100 PERSONAL SERVICES	0	0				
200 TRAVEL	0	0				
300 CONTRACTUAL	0	0				
400 SUPPLIES	0	0				
500 EQUIPMENT	0	0				
600 LAND & STRUCTURES	0	0				
700 GRANTS, CLAIMS	0	0				
800 MISCELLANEOUS	0	0				
TOTAL OPERATING	0	0				
CAPITAL	0	0				
REVENUE	0	0				

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0				
FEDERAL FUNDS	0	0				
OTHER	0	0				
TOTAL	0	0				

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

Prepared By: _____ Phone: 465-4523
 Division: Jan Faiks, Co-chairman Date: 4/15/85
Senate Finance Committee
 Approved by Commissioner: _____ Date: _____
 Agency: _____

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84



From The
SENATE
FINANCE COMMITTEE

DATE: 4/15/85
TO: Lynne
FROM: Vicki
Cap Bldg, Rm 413
4935
SUBJ: CS SF 120 (Fin)

Please prepare a Senate Finance Committee Substitute for SB 120 as indicated on the attached copy of the bill:

p 5, l 2: Change [Three] to Four

p 5, l 4: After "Alaska agriculture..."

Add: "with at least one of the four members having a background in horticulture"

This bill was reported out of SFC at this morning's meeting and will be read across during the 11 a.m. floor session.

Please return to me asap.

members having a background

even [FIVE] members appointed by legislature in joint session. ^{Four} ~~Three~~

each background and experience in

Members of the board serve for

members of the board are not entitled

services, but are entitled to

and per diem as provided by law

read:

Each dealer is required to

the division of agriculture of

a bond in the amount of \$25,000

conditioned on the faithful performance

of the legal duties of the dealer as set out in this chapter and the

payment for vegetables purchased by the dealer. The bond is payable

to the person injured to the extent of the damages. The aggregate

liability of the surety for all breaches of the conditions of the bond

may not [SHALL, IN NO EVENT,] exceed the amount of the bond. The

surety may cancel the bond upon giving 30 days' notice in writing to

the director, and after that is [THEREAFTER SHALL BE] relieved of any

liability for a breach of condition occurring after the effective date

of cancellation.

* Sec. 7. AS 38.09.050(a) is amended to read:

(a) The commissioner shall issue a patent to homestead entry land if the permit holder

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Original sponsor: Rules/Governor

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IN THE SENATE

BY THE FINANCE COMMITTEE

CS FOR SENATE BILL NO. 120 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FOURTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to agriculture; and providing for an effective date."

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

* Section 1. AS 03.05.010 is amended to read:

Sec. 03.05.010. POWERS AND DUTIES OF COMMISSIONER OF NATURAL RESOURCES. (a) The commissioner of natural resources shall

(1) direct, administer, and supervise promotional and experimental work, extension services, and agricultural projects for the purpose of promoting and developing the agricultural industry within the state including such fields as horticulture, dairying, cattle raising, fur farming, grain production, vegetable production, and development of other agricultural products;

(2) procure and preserve all information pertaining to the development of the agricultural industry and disseminate that information to the public;

(3) assist prospective settlers and others desiring to engage in the agricultural industry in the state with information concerning areas suitable for agriculture and other activities and programs essential to the development of the agricultural industry in the state;

(4) review the marketing, financing, and development of agricultural products inside the state including transportation, with special emphasis upon local production, and negotiate for the marketing of agricultural products of the state with federal and state

1 agencies operating in the state; [AND]

2 (5) regulate and control the entry into the state and the
3 transportation, sale or use inside the state of plants, seeds, vegeta-
4 bles, fruits and berries, nursery stock, shell eggs, animal feeds,
5 remedies and mineral supplements, fertilizers, and agricultural chemi-
6 cals in order to prevent the spread of pests, diseases, or toxic
7 substances injurious to the public interest, and to protect the ag-
8 ricultural industry against fraud, deception and misrepresentation; in
9 this connection the commissioner may require registration, inspection,
10 and testing, and establish procedures and fees;

11 (6) assist in the establishment of commodity marketing
12 associations, and adopt regulations to implement this paragraph; and

13 (7) establish and administer a grain warehouse and merchan-
14 dising program.

15 (b) To carry out the requirements of this title, the commis-
16 sioner of natural resources may issue orders, regulations, quaran-
17 tines, and embargoes relating to

18 (1) examination and inspection of premises containing
19 products, articles, and commodities carrying pests;

20 (2) establishment of quarantines for eradication of pests;

21 (3) establishment of standards and labeling requirements
22 pertaining to the sale of agricultural and vegetable seeds and pro-
23 cessed feeds;

24 (4) tests and analyses that [WHICH] may be made and hear-
25 ings that [WHICH] may be held to determine whether the commissioner
26 will issue a stop order or quarantine;

27 (5) cooperation with federal and other state agencies;

28 (6) licensing, bonding, inspection, and auditing of records
29 of public grain, grass, and legume storage or processing facilities.

1 * Sec. 2. AS 03.10.030(a) is amended to read:

2 (a) The farm development or [,] chattel [, OR IRRIGATION] loan
3 made under this chapter

4 (1) may not exceed a term of 30 years, except that a chat-
5 tel loan may not exceed a term of seven years unless the agricultural
6 revolving loan board determines that a longer term is in the best
7 interest of the state and would promote the purposes of this chapter
8 in which case, if the borrower is current in any existing agricultural
9 loan, an existing chattel loan may be combined with and amortized over
10 the same period as an existing farm development loan, or a chattel
11 loan may be extended beyond a seven-year term if the loan is secured
12 by additional real property as collateral;

13 (2) may not, when added to the outstanding balance of other
14 loans made under this chapter, exceed a total outstanding balance of
15 \$1,000,000 except that the total outstanding balance may be increased
16 up to 50 percent if the borrower has held a loan under this chapter
17 for at least two years and receives written approval under conditions
18 and standards established by the agricultural revolving loan board;

19 (3) shall be secured by a real estate or chattel mortgage
20 of any priority, except that the portion of a loan that exceeds
21 \$500,000, when added to prior indebtedness that is secured by the same
22 property, must be secured by a first mortgage;

23 (4) shall bear interest

24 (A) on that portion of the loan below \$1,000,000, at a
25 rate that may not be less than eight percent or more than the
26 commercial rate, unless the commercial rate is eight percent or
27 less; in this paragraph "commercial rate" means the prevailing
28 rate of interest at private lending institutions in the state for
29 loans similar to those referred to in this subsection;

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2 (B) on that portion of the loan above \$1,000,000, at a
3 rate that may not be less than the prime rate prevailing at the
4 time of the loan; in this paragraph, "prime rate" means the prime
5 rate of interest normally charged at private lending institutions
6 in the state on the day the contract or loan commitment was made.

7 * Sec. 3. AS 03.10.030(c) is amended to read:

8 (c) A short term loan, to be amortized within one year, not to
9 exceed \$350,000 to any one borrower may be made for operating pur-
10 poses, except that a loan made under this subsection may not exceed
11 \$200,000 unless the loan is made to a borrower in a farm disaster area
12 declared under AS 03.10.058. The short-term loan limits may be in-
13 creased up to 50 percent if the borrower has held a loan under this
14 chapter for at least two years and receives written approval under
15 conditions and standards established by the agricultural revolving
16 loan board. An applicant for a short term loan may be required to
17 purchase insurance through the Federal Crop Insurance Act (7 U.S.C.
18 1501 - 1520) as a condition of the loan. The term of a loan made
19 under this subsection may be extended for up to three years by the
20 agricultural revolving loan fund board, in the discretion of the
21 board, upon application by the borrower. An existing short-term loan
22 may be combined with and amortized over the same time period as an
23 existing farm development loan if the agricultural revolving loan fund
24 board determines that the combination is in the best interest of the
25 state and promotes the purposes of this chapter.

26 * Sec. 4. AS 03.10.040 is amended to read:

27 Sec. 03.10.040. CREATION OF FUND. There is an agricultural
28 revolving loan fund, which may [SHALL] not exceed \$100,000,000,
29 [\$75,000,000] to carry out the purpose of this chapter.

* Sec. 5. AS 03.10.050(b) is amended to read:

SENATE FINANCE COMMITTEE

April 15, 1985
8:30 a.m.

SUMMARY INFORMATION

SB 120 "An Act relating to agriculture; and providing for an effective date."

The following is after the proposed FINANCE CS has been adopted:

KERTTULA: I have an amendment: Section 5, since you're changing five to seven, and we find people that have no idea of agriculture at all. Most of them are honest and (inaudible) after appointment. I think we ought to change that -- it used to be three of five -- now it will be three of seven. I think it should be FOUR. However, I would support one of them being a horticulturist. I move that we change Section 5 to put FOUR instead of three.

FAIKS: Okay, he's on page 5, line 2.

KERTTULA: And then I would like verbage that says ONE OF THOSE FOUR MUST HAVE A BACKGROUND IN HORTICULTURE.

FAIKS: Okay. AT LEAST ONE OF FOUR BACKGROUND IN HORTICULTURE. Any objections to Senator Kerttula's amendment. (No objection.) Okay, we'll add Senator Kerttula's amendment to the bill and make a new Finance CS.

.

KERTTULA: I move it out with individual recommendation.

FAIKS: With the new amendment?

KERTTULA: Yes, Committee Substitute as amended.

FAIKS: There's one change: It's on page 5, line 2, change the three to FOUR, and on line 4, put some wordage in there that says FOUR MEMBERS MUST BE PERSONS WITH BACKGROUND AND EXPERIENCE IN ALASKA AGRICULTURE, AT LEAST ONE OF THE FOUR MUST HAVE A BACKGROUND IN HORTICULTURE. That's the only change in the bill.

* with at least one of the four members having a background in horticulture.

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2 (b) The board is composed of seven [FIVE] members appointed by
3 the governor and confirmed by the legislature in joint session. ^{Four} ~~Three~~
4 members must [SHALL] be persons with background and experience in
5 Alaska agriculture*or horticulture. Members of the board serve for
6 overlapping three-year terms. Members of the board are not entitled
7 to receive compensation for their services, but are entitled to
8 [SHALL] receive the same travel pay and per diem as provided by law
9 for boards and commissions.

10 * Sec. 6. AS 03.57.020 is amended to read:

11 Sec. 03.57.020. BOND REQUIRED. Each dealer is required to
12 obtain and file with the director of the division of agriculture of
13 the Department of Natural Resources a bond in the amount of \$25,000
14 [\$5,000]. The bond shall be conditioned on the faithful performance
15 of the legal duties of the dealer as set out in this chapter and the
16 payment for vegetables purchased by the dealer. The bond is payable
17 to the person injured to the extent of the damages. The aggregate
18 liability of the surety for all breaches of the conditions of the bond
19 may not [SHALL, IN NO EVENT,] exceed the amount of the bond. The
20 surety may cancel the bond upon giving 30 days' notice in writing to
21 the director, and after that is [THEREAFTER SHALL BE] relieved of any
22 liability for a breach of condition occurring after the effective date
23 of cancellation.

24 * Sec. 7. AS 38.09.050(a) is amended to read:

25 (a) The commissioner shall issue a patent to homestead entry
26 land if the permit holder

27 (1) resides and lives on the homestead entry land for not
28 less than 25 months within five years after the issuance of the home-
29 stead entry permit;

(2) completes an approved survey of the land within two

1 years after the issuance of the permit or under AS 38.09.040(b);

2 (3) erects a habitable, permanent dwelling on the homestead
3 within three years after the issuance of the homestead entry permit;

4 (4) brushes the boundaries of the land within 90 days after
5 the issuance of the permit;

6 (5) clears and either puts into production or prepares for
7 cultivation either 25 percent of the land classified for agricultural
8 use or 50 percent of the suitable agricultural land, consisting of
9 [HAVING] class II, or III soils, whichever is more [LESS], within five
10 years after issuance of the permit.

11 * Sec. 8. Sections 1 - 4 of this Act take effect July 1, 1985.

12 * Sec. 9. Section 5 of this Act takes effect immediately in accordance
13 with AS 01.10.070(c).
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Offered: 4/15/85
Referred: Rules

Original sponsor: Rules/Governor

1 IN THE SENATE BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 120 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

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15 within the state including such fields as horticulture, dairying,
16 cattle raising, fur farming, grain production, vegetable production,
17 and development of other agricultural products;

18 (2) procure and preserve all information pertaining to the
19 development of the agricultural industry and disseminate that informa-
20 tion to the public;

21 (3) assist prospective settlers and others desiring to
22 engage in the agricultural industry in the state with information
23 concerning areas suitable for agriculture and other activities and
24 programs essential to the development of the agricultural industry in
25 the state;

26 (4) review the marketing, financing, and development of
27 agricultural products inside the state including transportation, with
28 special emphasis upon local production, and negotiate for the market-
29 ing of agricultural products of the state with federal and state

1 agencies operating in the state; [AND]

2 (5) regulate and control the entry into the state and the
3 transportation, sale or use inside the state of plants, seeds, vegeta-
4 bles, fruits and berries, nursery stock, shell eggs, animal feeds,
5 remedies and mineral supplements, fertilizers, and agricultural chemi-
6 cals in order to prevent the spread of pests, diseases, or toxic
7 substances injurious to the public interest, and to protect the ag-
8 ricultural industry against fraud, deception and misrepresentation; in
9 this connection the commissioner may require registration, inspection,
10 and testing, and establish procedures and fees;

11 (6) assist in the establishment of commodity marketing
12 associations, and adopt regulations to implement this paragraph; and

13 (7) establish and administer a grain warehouse and merchan-
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12 by additional real property as collateral;

13 (2) may not, when added to the outstanding balance of other
14 loans made under this chapter, exceed a total outstanding balance of
15 \$1,000,000 except that the total outstanding balance may be increased
16 up to 50 percent if the borrower has held a loan under this chapter
17 for at least two years and receives written approval under conditions
18 and standards established by the agricultural revolving loan board;

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22 property, must be secured by a first mortgage;

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28 rate of interest at private lending institutions in the state for
29 loans similar to those referred to in this subsection;

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3 time of the loan; in this paragraph, "prime rate" means the prime
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5 in the state on the day the contract or loan commitment was made.

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7 (c) A short term loan, to be amortized within one year, not to
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9 poses, except that a loan made under this subsection may not exceed
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18 under this subsection may be extended for up to three years by the
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1 (b) The board is composed of seven [FIVE] members appointed by
2 the governor and confirmed by the legislature in joint session. Three
3 members must [SHALL] be persons with background and experience in
4 Alaska agriculture and one additional member must be a person with
5 background and experience in Alaska horticulture. Members of the
6 board serve for overlapping three-year terms. Members of the board
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15 of the legal duties of the dealer as set out in this chapter and the
16 payment for vegetables purchased by the dealer. The bond is payable
17 to the person injured to the extent of the damages. The aggregate
18 liability of the surety for all breaches of the conditions of the bond
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2 years after the issuance of the permit or under AS 38.09.040(b);

3 (3) erects a habitable, permanent dwelling on the homestead
4 within three years after the issuance of the homestead entry permit;

5 (4) brushes the boundaries of the land within 90 days after
6 the issuance of the permit;

7 (5) clears and either puts into production or prepares for
8 cultivation either 25 percent of the land classified for agricultural
9 use or 50 percent of the suitable agricultural land, consisting of
10 [HAVING] class II, or III soils, whichever is more [LESS], within five
11 years after issuance of the permit.

12 * Sec. 8. Sections 1 - 4 of this Act take effect July 1, 1985.

13 * Sec. 9. Section 5 of this Act takes effect immediately in accordance
14 with AS 01.10.070(c).

SECTIONAL ANALYSIS FOR PROPOSED FINANCE CS SENATE BILL 120

An Act relating to agriculture

Section 1

Adds to the duties of the Commissioner of Natural Resources, the following powers:

- 1) Regulate and control the entry and transportation of shell eggs.
2. Allows the establishment of commodity marketing associations. The Resources CS also provided for matching grants which created the need for the enclosed \$25,000 DNR fiscal note.
- 3) Allows DNR to establish and administer a grain warehousing and merchandising program.
- 4) Allows DNR to license, bond, inspect and audit public grain facilities.

Section 2

Makes various changes to existing loan conditions and they are as follows:

- 1) Removes irrigation as a type of loan because they have never been made.
- 2) Allows DNR to combine loan types and extend loan terms beyond 7 years if in the best interest of the state. That is contingent upon the borrower being current with existing loan(s) and if additional collateral is available.
- 3) Allows loans to exceed the \$1 million limit by 50% if a borrower has held a loan for at least 2 years and agrees to conditions established by the Agricultural Revolving Loan Fund Board.
- 4) Interest rate for loans under \$1 million remain at 8%. Balance of a loan exceeding \$1 million would have an interest rate equal to current prime rate.

Section 3

Raises short term loan limits (currently \$200,000 or \$350,000 if borrower in a farm disaster area) by 50% if the borrower has held a loan for at least 3 years and meets conditions set by the ARLF.

Would also allow DNR to combine long-term and short-term loans if that is found to be in the best interests of the state.

Section 4

Would raise the amount in the Agricultural Revolving Loan Fund from \$75 to \$100 million.

Section 5

Raises the membership of the Agricultural Revolving Loan Fund Board from 5 to 7 of which at least 3 must have background and experience in Alaska agriculture.

Section 6

Raises the required agriculture dealer bond from \$5,000 to \$25,000.

Section 7

Amends the section on homestead entry permits and definition of agricultural lands.

Section 8

Sections 1 - 4 are effective July 1, 1985.

Section 9

Section 5 has an immediate effective date.



Official Business

Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V
State Capitol
Juneau, Alaska 99811

SB 90: Sectional Analysis

Section 1) Amends AS 44.33.020 (Duties of the Department of Commerce and Economic Development) to provide for the administration of grants to community and regional governments, non profit organizations, or grants for the benefit of unorganized regions in the state.

Section 2) July 1, 1985 effective date.

Revision Date: _____

REQUEST

Bill/Resolution No.: CSSB 120
Title: Agriculture Omnibus

Sponsor: Rules /Governor
Requestor: Senate Finance Committee
Date of Request: 4/12/85

FISCAL DETAIL

Agency Affected: Natural Resources
Program Category Affected: NRMEC
Agriculture Management
BRU, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

Prepared By: Carol Wilson Phone: 465-2400
Division: Commissioner's Office Date: 4/12/85

Approved by Commissioner: Miriam D. Amodeo, Deputy Date: 4/12/85
Agency: Natural Resources

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Rec'd 4/18/85
Office SB 120
Re

7/1/84

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: CSSB 120
Title: Agriculture Omnibus

Sponsor: Resources Committee
Requestor: Senate Resources Committee
Date of Request: March 20, 1985

FISCAL DETAIL

Agency Affected: Natural Resources
Program Category Affected: NRMEC
Agricultural Management
BRU, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL	25.0	25.0	25.0	25.0	25.0	25.0
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	25.0	25.0	25.0	25.0	25.0	25.0

CAPITAL						
----------------	--	--	--	--	--	--

REVENUE						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	25.0	25.0	25.0	25.0	25.0	25.0
FEDERAL FUNDS						
OTHER						
TOTAL	25.0	25.0	25.0	25.0	25.0	25.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

See attached analysis for an explanation of costs related to each section of the bill. The \$25,000 listed above would be for matching grants to commodity commissions.

Prepared By: Carol Wilson Phone: 465-2400
Division: Commissioner's Office Date: _____
Approved by Commissioner: Thomas D. Armitage, Deputy Date: 3/26/85
Agency: Natural Resources

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

Additional Fiscal Information for CSSB 120

Section 1(a)

(5) adding shell eggs to the list of items regulated by the commissioner will result in no additional costs to the state. The department currently performs inspections on shell eggs.

(6) The \$25,000 for matching grants to commodity marketing associations will assist farmers in developing markets for their products.

(7) This addition gives the department the authority to control grain warehousing but will not result in additional costs to the state. Regulations or other control mechanisms would be developed by existing staff.

Section 1 (b)

(3) and (6) Allows the department to develop regulations for additional items at no additional cost to the state.

Section 2 and Section 3

This section provides the ARLF with the flexibility to rewrite agricultural loans and increases the loan limits under certain circumstances. While individual borrowers may be eligible for increased loan amounts, the amount in the loan fund remains the same. There is, therefore, no increase in cost to the state. If loans for larger amounts are made, the number of borrowers served could decrease.

The flexibility provided by these additions to the statute may allow the ARLF Board to prevent loan defaults and therefore prevent revenue losses to the state.

Section 4

Raising the ceiling for the ARLF results in no additional costs to the state.

Section 5

Adding two members to the ARLF Board requires no additional funding.

Section 6 - 9

No additional funding required.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: CSSB 120
Title: Agriculture Omnibus

FISCAL DETAIL

Agency Affected: Natural Resources, Div. of Ag.
Program Category Affected: NRMEC

Sponsor: Rules Committee

Requestor: Sen. Resources Comm.

Date of Request: 3/8/85

BRU, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
500 LAND & STRUCTURES						
700 GRANTS, CLAIMS		25.0	25.0	25.0	25.0	25.0
300 MISCELLANEOUS						
TOTAL OPERATING		25.0	25.0	25.0	25.0	25.0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		25.0	25.0	25.0	25.0	25.0
FEDERAL FUNDS						
OTHER						
TOTAL		25.0	25.0	25.0	25.0	25.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

Prepared By: Carol Wilson

Division: Commissioner's Office

Phone: 465-2400

Date: 5/11/85

Approved by Commissioner: *Esther P. Wurmick*

Agency: Natural Resources

Date: 3-12-85

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

SB 130

STATE OF ALASKA 1985 LEGISLATIVE SESSION

FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: _____

Title: Agriculture Omnibus

Sponsor: _____

Requestor: _____

Date of Request: _____

FISCAL DETAIL

Agency Affected: Natural Resources

Program Category Affected: NRMEC

BRU, Program or Subprogram(s) Affected: _____

Agriculture

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS		25.0	25.0	25.0	25.0	25.0
800 MISCELLANEOUS						
TOTAL OPERATING		25.0	25.0	25.0	25.0	25.0

CAPITAL						
----------------	--	--	--	--	--	--

REVENUE						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND		25.0	25.0	25.0	25.0	25.0
FEDERAL FUNDS						
OTHER						
TOTAL		25.0	25.0	25.0	25.0	25.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

Funds will be expended for commodity commission grants and expenses.

Prepared By: Ned Farquhar
Division: Commissioner's Office

Phone: 465-2400
Date: January 23, 1985

Approved by Commissioner: [Signature]
Agency: Natural Resources

Date: January 23, 1985

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 1, 1985

The Honorable Don Bennett
President of the Senate
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Senator Bennett:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill addressing various agriculture issues.

Section 1 of the bill amends AS 03.05.010(a) to add regulation and control of shell eggs to the duties of the commissioner of natural resources, and to require the commissioner to assist in the establishment of commodity marketing associations.

Section 2 of the bill increases the ceiling on the agricultural revolving loan fund from \$75,000,000 to \$100,000,000. Section 3 of the bill increases the number of members of the agricultural revolving loan fund board from five to seven, and specifies that four members (rather than just three) must have background and experience in Alaska agriculture.

Section 4 increases the bond required of dealers in agriculture from \$5,000 to \$25,000. It also makes some minor changes in wording style.

Section 5 of the bill creates a new chapter, AS 36.16, requiring that preference be given to local agricultural products when the products are purchased by the state. (Cf. other preference provisions in AS 36.15.010 and 36.20.010.) An inspection certificate will be required for an agricultural product to be purchased by the state under new AS 36.16.

sh 120

Last, sec. 6 makes a minor amendment to the Homestead Act to include class IV soils as part of the land that must be developed before issuance of a patent.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bill Sheffield".

Bill Sheffield
Governor

Offered: 3/20/85
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE SENATE BY THE RESOURCES COMMITTEE
2 CS FOR SENATE BILL NO. 120 (Resources)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - FIRST SESSION
5 A BILL
6 For an Act entitled: "An Act relating to agriculture; and providing for an
7 effective date."
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
9 * Section 1. AS 03.05.010 is amended to read:
10 Sec. 03.05.010. POWERS AND DUTIES OF COMMISSIONER OF NATURAL
11 RESOURCES. (a) The commissioner of natural resources shall
12 (1) direct, administer, and supervise promotional and
13 experimental work, extension services, and agricultural projects for
14 the purpose of promoting and developing the agricultural industry
15 within the state including such fields as horticulture, dairying,
16 cattle raising, fur farming, grain production, vegetable production,
17 and development of other agricultural products;
18 (2) procure and preserve all information pertaining to the
19 development of the agricultural industry and disseminate that informa-
20 tion to the public;
21 (3) assist prospective settlers and others desiring to
22 engage in the agricultural industry in the state with information
23 concerning areas suitable for agriculture and other activities and
24 programs essential to the development of the agricultural industry in
25 the state;
26 (4) review the marketing, financing, and development of
27 agricultural products inside the state including transportation, with
28 special emphasis upon local production, and negotiate for the market-
29 ing of agricultural products of the state with federal and state

1 agencies operating in the state; [AND]

2 (5) regulate and control the entry into the state and the
3 transportation, sale or use inside the state of plants, seeds, vegeta-
4 bles, fruits and berries, nursery stock, shell eggs, animal feeds,
5 remedies and mineral supplements, fertilizers, and agricultural chemi-
6 cals in order to prevent the spread of pests, diseases, or toxic
7 substances injurious to the public interest, and to protect the ag-
8 ricultural industry against fraud, deception and misrepresentation; in
9 this connection the commissioner may require registration, inspection,
10 and testing, and establish procedures and fees;

11 (6) assist in the establishment of commodity marketing
12 associations, make matching grants to commodity marketing associations
13 to aid in their establishment, and adopt regulations to implement this
14 paragraph; and

15 (7) establish and administer a grain warehouse and merchan-
16 dising program.

17 (b) To carry out the requirements of this title, the commis-
18 sioner of natural resources may issue orders, regulations, quaran-
19 tines, and embargoes relating to

20 (1) examination and inspection of premises containing
21 products, articles, and commodities carrying pests;

22 (2) establishment of quarantines for eradication of pests;

23 (3) establishment of standards and labeling requirements
24 pertaining to the sale of agricultural and vegetable seeds and
25 processed feeds;

26 (4) tests and analyses that [WHICH] may be made and hear-
27 ings that [WHICH!] may be held to determine whether the commissioner
28 will issue a stop order or quarantine;

29 (5) cooperation with federal and other state agencies;

1 (6) licensing, bonding, inspection, and auditing of records
2 of public grain, grass, and legume storage or processing facilities.

3 * Sec. 2. AS 03.10.030(a) is amended to read:

4 (a) The farm development or [,] chattel [, OR IRRIGATION] loan
5 made under this chapter

6 (1) may not exceed a term of 30 years, except that a chat-
7 tel loan may not exceed a term of seven years unless the agricultural
8 revolving loan board determines that a longer term is in the best
9 interest of the state and would promote the purposes of this chapter
10 in which case an existing chattel loan may be combined with and amor-
11 tized over the same period as an existing farm development loan, or a
12 chattel loan may be extended beyond a seven-year term if the loan is
13 secured by additional real property as collateral;

14 (2) may not, when added to the outstanding balance of other
15 loans made under this chapter, exceed a total outstanding balance of
16 \$1,000,000 except that the total outstanding balance may be increased
17 up to 50 percent if the borrower has held a loan under this chapter
18 for at least three years and receives written approval under
19 conditions and standards established by the agricultural revolving
20 loan board;

21 (3) shall be secured by a real estate or chattel mortgage
22 of any priority, except that the portion of a loan that exceeds
23 \$500,000, when added to prior indebtedness that is secured by the same
24 property, must be secured by a first mortgage;

25 (4) shall bear interest at a rate that may not be less than
26 eight percent or more than the commercial rate, unless the commercial
27 rate is eight percent or less; in this paragraph "commercial rate"
28 means the prevailing rate of interest at private lending institutions
29 in the state for loans similar to those referred to in this

1 subsection.

2 * Sec. 3. AS 03.10.030(c) is amended to read:

3 (c) A short term loan, to be amortized within one year, not to
4 exceed \$350,000 to any one borrower may be made for operating pur-
5 poses, except that a loan made under this subsection may not exceed
6 \$200,000 unless the loan is made to a borrower in a farm disaster area
7 declared under AS 03.10.058. The short-term loan limits may be
8 increased up to 50 percent if the borrower has held a loan under this
9 chapter for at least three years and receives written approval under
10 conditions and standards established by the agricultural revolving
11 loan board. An applicant for a short term loan may be required to
12 purchase insurance through the Federal Crop Insurance Act (7 U.S.C.
13 1501 - 1520) as a condition of the loan. The term of a loan made
14 under this subsection may be extended for up to three years by the
15 agricultural revolving loan fund board, in the discretion of the
16 board, upon application by the borrower. An existing short-term loan
17 may be combined with and amortized over the same time period as an
18 existing farm development loan if the agricultural revolving loan fund
19 board determines that the combination is in the best interest of the
20 state and promotes the purposes of this chapter.

21 * Sec. 4. AS 03.10.040 is amended to read:

22 Sec. 03.10.040. CREATION OF FUND. There is an agricultural
23 revolving loan fund, which may [SHALL] not exceed \$100,000,000,
24 [\$75,000,000] to carry out the purpose of this chapter.

25 * Sec. 5. AS 03.10.050(b) is amended to read:

26 (b) The board is composed of seven [FIVE] members appointed by
27 the governor and confirmed by the legislature in joint session. Four
28 [THREE] members must [SHALL] be persons with background and experience
29 in Alaska agriculture or horticulture. Members of the board serve for

1 overlapping three-year terms. Members of the board are not entitled
2 to receive compensation for their services, but are entitled to
3 [SHALL] receive the same travel pay and per diem as provided by law
4 for boards and commissions.

5 * Sec. 6. AS 03.57.020 is amended to read:

6 Sec. 03.57.020. BOND REQUIRED. Each dealer is required to
7 obtain and file with the director of the division of agriculture of
8 the Department of Natural Resources a bond in the amount of \$25,000
9 [\$5,000]. The bond must [SHALL] be conditioned on the faithful per-
10 formance of the legal duties of the dealer as set out in this chapter
11 and the payment for vegetables purchased by the dealer. The bond is
12 payable to the person injured to the extent of the damages. The
13 aggregate liability of the surety for all breaches of the conditions
14 of the bond may not [SHALL, IN NO EVENT,] exceed the amount of the
15 bond. The surety may cancel the bond upon giving 30 days' notice in
16 writing to the director, and after that is [THEREAFTER SHALL BE]
17 relieved of any liability for a breach of condition occurring after
18 the effective date of cancellation.

19 * Sec. 7. AS 38.09.050(a) is amended to read:

20 (a) The commissioner shall issue a patent to homestead entry
21 land if the permit holder

22 (1) resides and lives on the homestead entry land for not
23 less than 25 months within five years after the issuance of the home-
24 stead entry permit;

25 (2) completes an approved survey of the land within two
26 years after the issuance of the permit or under AS 38.09.040(b);

27 (3) erects a habitable, permanent dwelling on the homestead
28 within three years after the issuance of the homestead entry permit;

29 (4) brushes the boundaries of the land within 90 days after

1 the issuance of the permit;

2 (5) clears and either puts into production or prepares for
3 cultivation either 25 percent of the land classified for agricultural
4 use or 50 percent of the suitable agricultural land, consisting of
5 [HAVING] class II, [OR] III, and IV soils, whichever is less, within
6 five years after issuance of the permit.

7 * Sec. 8. Sections 1 - 4 of this Act take effect July 1, 1985.

8 * Sec. 9. Section 5 of this Act takes effect immediately in accordance
9 with AS 01.10.070(c).

Introduced: 2/1/85
Referred: Resources
and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 120

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to agriculture; and providing for an
7 effective date."

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

9 * Section 1. AS 03.05.010(a) is amended to read:

10 (a) The commissioner of natural resources shall

11 (1) direct, administer, and supervise promotional and
12 experimental work, extension services, and agricultural projects for
13 the purpose of promoting and developing the agricultural industry
14 within the state including such fields as horticulture, dairying,
15 cattle raising, fur farming, grain production, vegetable production,
16 and development of other agricultural products;

17 (2) procure and preserve all information pertaining to the
18 development of the agricultural industry and disseminate that informa-
19 tion to the public;

20 (3) assist prospective settlers and others desiring to
21 engage in the agricultural industry in the state with information
22 concerning areas suitable for agriculture and other activities and
23 programs essential to the development of the agricultural industry in
24 the state;

25 (4) review the marketing, financing, and development of
26 agricultural products inside the state including transportation, with
27 special emphasis upon local production, and negotiate for the market-
28 ing of agricultural products of the state with federal and state
29 agencies operating in the state; [AND]

1 (5) regulate and control the entry into the state and the
2 transportation, sale or use inside the state of plants, seeds, vegeta-
3 bles, fruits and berries, nursery stock, shell eggs, animal feeds,
4 remedies and mineral supplements, fertilizers, and agricultural chemi-
5 cals in order to prevent the spread of pests, diseases, or toxic
6 substances injurious to the public interest, and to protect the ag-
7 ricultural industry against fraud, deception and misrepresentation; in
8 this connection the commissioner may require registration, inspection,
9 and testing, and establish procedures and fees; and

10 (6) assist in the establishment of commodity marketing
11 associations, make matching grants to commodity marketing associations
12 to aid in their establishment, and adopt regulations to implement this
13 paragraph.

14 * Sec. 2. AS 03.10.040 is amended to read:

15 Sec. 03.10.040. CREATION OF FUND. There is an agricultural
16 revolving loan fund, which may [SHALL] not exceed \$100,000,000,
17 [\$75,000,000] to carry out the purpose of this chapter.

18 * Sec. 3. AS 03.10.050(b) is amended to read:

19 (b) The board is composed of seven [FIVE] members appointed by
20 the governor and confirmed by the legislature in joint session. Four
21 [THREE] members must [SHALL] be persons with background and experience
22 in Alaska agriculture. Members of the board serve for overlapping
23 three-year terms. Members of the board are not entitled to receive
24 compensation for their services, but are entitled to [SHALL] receive
25 the same travel pay and per diem as provided by law for boards and
26 commissions.

27 * Sec. 4. AS 03.57.020 is amended to read:

28 Sec. 03.57.020. BOND REQUIRED. Each dealer is required to
29 obtain and file with the director of the division of agriculture of

1 the Department of Natural Resources a bond in the amount of \$25,000
2 [\$5,000]. The bond must [SHALL] be conditioned on the faithful per-
3 formance of the legal duties of the dealer as set out in this chapter
4 and the payment for vegetables purchased by the dealer. The bond is
5 payable to the person injured to the extent of the damages. The
6 aggregate liability of the surety for all breaches of the conditions
7 of the bond may not [SHALL, IN NO EVENT,] exceed the amount of the
8 bond. The surety may cancel the bond upon giving 30 days' notice in
9 writing to the director, and after that is [THEREAFTER SHALL BE]
10 relieved of any liability for a breach of condition occurring after
11 the effective date of cancellation.

12 * Sec. 5. AS 36 is amended by adding a new chapter to read:

13 CHAPTER 16. PREFERENTIAL USE OF ALASKA AGRICULTURAL PRODUCTS.

14 Sec. 36.16.010. USE OF LOCAL AGRICULTURAL PRODUCTS REQUIRED IN
15 PURCHASES WITH STATE MONEY. In the purchase of agricultural products
16 financed by state money, only agricultural products originating in
17 this state may be used whenever competitively priced, available, and
18 of like quality compared with agricultural products originating out-
19 side the state.

20 Sec. 36.16.020. INSERTION OF CLAUSE IN CALLS FOR BIDS AND IN
21 CONTRACTS. A clause containing the substance of AS 36.16.010 must be
22 inserted in all calls for bids and in all contracts awarded that
23 involve agricultural products.

24 Sec. 36.16.030. INSPECTION CERTIFICATE. Before purchase by the
25 state, an agricultural product originating in this state must receive
26 an inspection certificate from the commissioner of natural resources
27 under AS 03.05.010 or the commissioner of environmental conservation
28 under AS 03.05.011.

29 * Sec. 6. AS 38.09.050(a) is amended to read:

1 (a) The commissioner shall issue a patent to homestead entry
2 land if the permit holder

3 (1) resides and lives on the homestead entry land for not
4 less than 25 months within five years after the issuance of the home-
5 stead entry permit;

6 (2) completes an approved survey of the land within two
7 years after the issuance of the permit or under AS 38.09.040(b);

8 (3) erects a habitable, permanent dwelling on the homestead
9 within three years after the issuance of the homestead entry permit;

10 (4) brushes the boundaries of the land within 90 days after
11 the issuance of the permit;

12 (5) clears and either puts into production or prepares for
13 cultivation either 25 percent of the land classified for agricultural
14 use or 50 percent of the suitable agricultural land, consisting of
15 [HAVING] class II, [OR] III, and IV soils, whichever is less, within
16 five years after issuance of the permit.

17 * Sec. 7. Sections 1 and 2 of this Act take effect July 1, 1985.

18 * Sec. 8. Sections 3 and 5 of this Act takes effect immediately in
19 accordance with AS 01.10.070(c).

COMMITTEE REPORT
SENATE

FURTHER:

FINANCE

2/1/85

Date

3/18/85

Mr. President

The Committee on RESOURCES considered SB 120
relating to agriculture; efd.

and (~~a majority of the committee~~) (the committee) reports it back with
the following recommendations: *WITH INDIVIDUAL RECOMMENDATIONS.*

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for SB 120 (RES)
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

[Signature]

[Signature]

2 Rick Halford Do Not Pass.

3 Frank [Signature] No Rec

3 [Signature] " "

3 [Signature] " "

1 Aulis Stangulinski
Chairman

Do Pass.
Chairman recommendation

COMMITTEE REPORT
HOUSE

4/30

FURTHER: FINANCE

(9)

4/23/85

Date: April 29, 1985

The Committee on RESOURCES has had CSSB 120(Fin)am
"An Act relating to agriculture; and providing for an effective date."

under consideration and recommends:

- do pass do not pass
- do pass with attached amendments(s)
- replace with ^{House} CS for CSSB 120 (Res.) same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation Zero Fiscal Note Attached
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Shultz Dick Shultz

Pearce W. W. Pearce

Miller(NP) M. W. Miller

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Cato Bette Cato No Rec

Jenkins Raymond Jenkins No Rec.

Sund John R. Sund No Rec.

Thompson Arthur W. Thompson NO REC

Wallis F. Kay Wallis No Rec.

Dick Shultz
Co-Chair CHAIRMAN

Offered: 4/30/85
Referred: Finance

Avilly

Original sponsor: Pules/Governor

1 IN THE SENATE BY THE RESOURCES COMMITTEE
2 HOUSE CS FOR CS FOR SENATE BILL NO. 120 (Resources)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to agriculture; and providing for an
7 effective date."

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

9 * Section 1. AS 03.05.010 is amended to read:

10 Sec. 03.05.010. POWERS AND DUTIES OF COMMISSIONER OF NATURAL
11 RESOURCES. (a) The commissioner of natural resources shall

12 (1) direct, administer, and supervise promotional and
13 experimental work, extension services, and agricultural projects for
14 the purpose of promoting and developing the agricultural industry
15 within the state including such fields as horticulture, dairying,
16 cattle raising, fur farming, grain production, vegetable production,
17 and development of other agricultural products;

18 (2) procure and preserve all information pertaining to the
19 development of the agricultural industry and disseminate that informa-
20 tion to the public;

21 (3) assist prospective settlers and others desiring to
22 engage in the agricultural industry in the state with information
23 concerning areas suitable for agriculture and other activities and
24 programs essential to the development of the agricultural industry in
25 the state;

26 (4) review the marketing, financing, and development of
27 agricultural products inside the state including transportation, with
28 special emphasis upon local production, and negotiate for the market-
29 ing of agricultural products of the state with federal and state

1 agencies operating in the state; [AND]

2 (5) regulate and control the entry into the state and the
3 transportation, sale or use inside the state of plants, seeds, vegeta-
4 bles, fruits and berries, nursery stock, shell eggs, animal feeds,
5 remedies and mineral supplements, fertilizers, and agricultural chemi-
6 cals in order to prevent the spread of pests, diseases, or toxic
7 substances injurious to the public interest, and to protect the ag-
8 ricultural industry against fraud, deception and misrepresentation; in
9 this connection the commissioner may require registration, inspection,
10 and testing, and establish procedures and fees;

11 (6) assist in the establishment of commodity marketing
12 associations, and adopt regulations to implement this paragraph.

13 (b) To carry out the requirements of this title, the commis-
14 sioner of natural resources may issue orders, regulations, quaran-
15 tines, and embargoes relating to

16 (1) examination and inspection of premises containing
17 products, articles, and commodities carrying pests;

18 (2) establishment of quarantines for eradication of pests;

19 (3) establishment of standards and labeling requirements
20 pertaining to the sale of agricultural and vegetable seeds and pro-
21 cessed feeds;

22 (4) tests and analyses that [WHICH] may be made and hear-
23 ings that [WHICH] may be held to determine whether the commissioner
24 will issue a stop order or quarantine;

25 (5) cooperation with federal and other state agencies;

26 (6) licensing, bonding, inspection, and auditing of records
27 of public grain, grass, and legume storage or processing facilities.

28 * Sec. 2. AS 03.10.030(a) is amended to read:

29 (a) The farm development or [,] chattel [, OR IRRIGATION] loan

1 made under this chapter

2 (1) may not exceed a term of 30 years, except that a chat-
3 tel loan may not exceed a term of seven years unless the agricultural
4 revolving loan board determines that a longer term is in the best
5 interest of the state and would promote the purposes of this chapter
6 in which case, if the borrower is current in any existing agricultural
7 loan, an existing chattel loan may be combined with and amortized over
8 the same period as an existing farm development loan, or a chattel
9 loan may be extended beyond a seven-year term if the loan is secured
10 by additional real property as collateral;

11 (2) may not, when added to the outstanding balance of other
12 loans made under this chapter, exceed a total outstanding balance of
13 \$1,000,000 except that the total outstanding balance may be increased
14 up to 50 percent if the borrower has held a loan under this chapter
15 for at least two years and receives written approval under conditions
16 and standards established by the agricultural revolving loan board;

17 (3) shall be secured by a real estate or chattel mortgage
18 of any priority, except that the portion of a loan that exceeds
19 \$500,000, when added to prior indebtedness that is secured by the same
20 property, must be secured by a first mortgage;

21 (4) shall bear interest

22 (A) on that portion of the loan below \$1,000,000, at a
23 rate that may not be less than eight percent or more than the
24 commercial rate, unless the commercial rate is eight percent or
25 less; in this paragraph "commercial rate" means the prevailing
26 rate of interest at private lending institutions in the state for
27 loans similar to those referred to in this subsection;

28 (B) on that portion of the loan above \$1,000,000, at a
29 rate that may not be less than the prime rate prevailing at the

1 time of the loan; in this paragraph, "prime rate" means the prime
2 rate of interest normally charged at private lending institutions
3 in the state on the day the contract or loan commitment was made.

4 * Sec. 3. AS 03.10.030(c) is amended to read:

5 (c) A short term loan, to be amortized within one year, not to
6 exceed \$350,000 to any one borrower may be made for operating pur-
7 poses, except that a loan made under this subsection may not exceed
8 \$200,000 unless the loan is made to a borrower in a farm disaster area
9 declared under AS 03.10.058. The short-term loan limits may be in-
10 creased up to 50 percent if the borrower has held a loan under this
11 chapter for at least two years and receives written approval under
12 conditions and standards established by the agricultural revolving
13 loan board. An applicant for a short term loan may be required to
14 purchase insurance through the Federal Crop Insurance Act (7 U.S.C.
15 1501 - 1520) as a condition of the loan. The term of a loan made
16 under this subsection may be extended for up to three years by the
17 agricultural revolving loan fund board, in the discretion of the
18 board, upon application by the borrower. An existing short-term loan
19 may be combined with and amortized over the same time period as an
20 existing farm development loan if the agricultural revolving loan fund
21 board determines that the combination is in the best interest of the
22 state and promotes the purposes of this chapter.

23 * Sec. 4. AS 03.10.040 is amended to read:

24 Sec. 03.10.040. CREATION OF FUND. There is an agricultural
25 revolving loan fund, which may [SHALL] not exceed \$100,000,000.
26 [\$75,000,000] to carry out the purpose of this chapter.

27 * Sec. 5. AS 03.10.050(b) is amended to read:

28 (b) The board is composed of seven [FIVE] members appointed by
29 the governor and confirmed by the legislature in joint session. Three

1 members must [SHALL] be persons with background and experience in
2 Alaska agriculture and one additional member must be a person with
3 background and experience in Alaska horticulture. Members of the
4 board serve for overlapping three-year terms. Members of the board
5 are not entitled to receive compensation for their services, but are
6 entitled to [SHALL] receive the same travel pay and per diem as pro-
7 vided by law for boards and commissions.

8 * Sec. 6. AS 03.57.020 is amended to read:

9 Sec. 03.57.020. BOND REQUIRED. Each dealer is required to
10 obtain and file with the director of the division of agriculture of
11 the Department of Natural Resources a bond in the amount of \$25,000
12 [\$5,000]. The bond shall be conditioned on the faithful performance
13 of the legal duties of the dealer as set out in this chapter and the
14 payment for vegetables purchased by the dealer. The bond is payable
15 to the person injured to the extent of the damages. The aggregate
16 liability of the surety for all breaches of the conditions of the bond
17 may not [SHALL, IN NO EVENT,] exceed the amount of the bond. The
18 surety may cancel the bond upon giving 30 days' notice in writing to
19 the director, and after that is [THEREAFTER SHALL BE] relieved of any
20 liability for a breach of condition occurring after the effective date
21 of cancellation.

22 * Sec. 7. AS 36 is amended by adding a new chapter to read:

23 CHAPTER 16. PREFERENTIAL USE OF ALASKA AGRICULTURAL PRODUCTS.

24 Sec. 36.16.010. USE OF LOCAL AGRICULTURAL PRODUCTS REQUIRED IN
25 PURCHASES WITH STATE MONEY. In the purchase of agricultural products
26 financed by state money, only agricultural products originating in
27 this state may be used whenever competitively priced, available, and
28 of like quality compared with agricultural products originating out-
29 side the state.

1 Sec. 36.16.020. INSERTION OF CLAUSE IN CALLS FOR BIDS AND IN
2 CONTRACTS. A clause containing the substance of AS 36.16.010 must be
3 inserted in all calls for bids and in all contracts awarded that
4 involve agricultural products.

5 Sec. 36.16.030. INSPECTION CERTIFICATE. Before purchase by the
6 state, an agricultural product originating in this state must receive
7 an inspection certificate from the commissioner of natural resources
8 under AS 03.05.010 or the commissioner of environmental conservation
9 under AS 03.05.011.

10 * Sec. 8. AS 38.09.050(a) is amended to read:

11 (a) The commissioner shall issue a patent to homestead entry
12 land if the permit holder

13 (1) resides and lives on the homestead entry land for not
14 less than 25 months within five years after the issuance of the home-
15 stead entry permit;

16 (2) completes an approved survey of the land within two
17 years after the issuance of the permit or under AS 38.09.040(b);

18 (3) erects a habitable, permanent dwelling on the homestead
19 within three years after the issuance of the homestead entry permit;

20 (4) brushes the boundaries of the land within 90 days after
21 the issuance of the permit;

22 (5) clears and either puts into production or prepares for
23 cultivation either 25 percent of the land classified for agricultural
24 use or 50 percent of the suitable agricultural land, consisting of
25 [HAVING] class II, or III soils, whichever is more [LESS], within five
26 years after issuance of the permit.

27 * Sec. 9. Sections 1 - 4 and 7 of this Act take effect July 1, 1985.

28 * Sec. 10. Section 5 of this Act takes effect immediately in accordance
29 with AS 01.10.070(c).

Offered: 4/15/85
Referred: Rules

Original sponsor: Rules/Governor

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 120 (Finance) am
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to agriculture; and providing for an
7 effective date."

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

9 * Section 1. AS 03.05.010 is amended to read:

10 Sec. 03.05.010. POWERS AND DUTIES OF COMMISSIONER OF NATURAL
11 RESOURCES. (a) The commissioner of natural resources shall

12 (1) direct, administer, and supervise promotional and
13 experimental work, extension services, and agricultural projects for
14 the purpose of promoting and developing the agricultural industry
15 within the state including such fields as horticulture, dairying,
16 cattle raising, fur farming, grain production, vegetable production,
17 and development of other agricultural products;

18 (2) procure and preserve all information pertaining to the
19 development of the agricultural industry and disseminate that informa-
20 tion to the public;

21 (3) assist prospective settlers and others desiring to
22 engage in the agricultural industry in the state with information
23 concerning areas suitable for agriculture and other activities and
24 programs essential to the development of the agricultural industry in
25 the state;

26 (4) review the marketing, financing, and development of
27 agricultural products inside the state including transportation, with
28 special emphasis upon local production, and negotiate for the market-
29 ing of agricultural products of the state with federal and state
30

COMMITTEE COPY

1 agencies operating in the state; [AND]

2 (5) regulate and control the entry into the state and the
3 transportation, sale or use inside the state of plants, seeds, vegeta-
4 bles, fruits and berries, nursery stock, shell eggs, animal feeds,
5 remedies and mineral supplements, fertilizers, and agricultural chemi-
6 cals in order to prevent the spread of pests, diseases, or toxic
7 substances injurious to the public interest, and to protect the ag-
8 ricultural industry against fraud, deception and misrepresentation; in
9 this connection the commissioner may require registration, inspection,
10 and testing, and establish procedures and fees;

11 (6) assist in the establishment of commodity marketing
12 associations, and adopt regulations to implement this paragraph.

13 (b) To carry out the requirements of this title, the com-
14 missioner of natural resources may issue orders, regulations,
15 quarantines, and embargoes relating to

16 (1) examination and inspection of premises containing
17 products, articles, and commodities carrying pests;

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20 pertaining to the sale of agricultural and vegetable seeds and pro-
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27 of public grain, grass, and legume storage or processing facilities.

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2 (1) may not exceed a term of 30 years, except that a chat-
3 tel loan may not exceed a term of seven years unless the agricultural
4 revolving loan board determines that a longer term is in the best
5 interest of the state and would promote the purposes of this chapter
6 in which case, if the borrower is current in any existing agricultural
7 loan, an existing chattel loan may be combined with and amortized over
8 the same period as an existing farm development loan, or a chattel
9 loan may be extended beyond a seven-year term if the loan is secured
10 by additional real property as collateral;

11 (2) may not, when added to the outstanding balance of other
12 loans made under this chapter, exceed a total outstanding balance of
13 \$1,000,000 except that the total outstanding balance may be increased
14 up to 50 percent if the borrower is a dairy farmer, has held a loan
15 under this chapter for at least two years, and receives written
16 approval under conditions and standards established by the agricul-
17 tural revolving loan board;

18 (3) shall be secured by a real estate or chattel mortgage
19 of any priority, except that the portion of a loan that exceeds
20 \$500,000, when added to prior indebtedness that is secured by the same
21 property, must be secured by a first mortgage;

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15 purchase insurance through the Federal Crop Insurance Act (7 U.S.C.
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8 use or 50 percent of the suitable agricultural land, consisting of
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STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST
 Bill/Resolution No.: CSSB 120(Fi)
 Title: Agriculture Omnibus

FISCAL DETAIL
 Agency Affected: Natural Resources
 Program Category Affected: NRMEC

Sponsor: Senate Finance
 Requestor: Senator Finance Committee
 Date of Request: _____

BRU, Program or Subprogram(s) Affected: _____
Agriculture

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING	0	0				
100 PERSONAL SERVICES	0	0				
200 TRAVEL	0	0				
300 CONTRACTUAL	0	0				
400 SUPPLIES	0	0				
500 EQUIPMENT	0	0				
600 LAND & STRUCTURES	0	0				
700 GRANTS, CLAIMS	0	0				
800 MISCELLANEOUS	0	0				
TOTAL OPERATING	0	0				

CAPITAL	0	0				
----------------	---	---	--	--	--	--

REVENUE	0	0				
----------------	---	---	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0				
FEDERAL FUNDS	0	0				
OTHER	0	0				
TOTAL	0	0				

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

Prepared By: _____
 Division: Jan Faiks, Co-chairman
 Senate Finance Committee

Approved by Commissioner: _____
 Agency: _____

Phone: 465-4523
 Date: 4/15/85

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Supersedes F.Y. 4 3/20/85
 7/1/84



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 1, 1985

The Honorable Don Bennett
President of the Senate
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Senator Bennett:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill addressing various agriculture issues.

Section 1 of the bill amends AS 03.05.010(a) to add regulation and control of shell eggs to the duties of the commissioner of natural resources, and to require the commissioner to assist in the establishment of commodity marketing associations.

Section 2 of the bill increases the ceiling on the agricultural revolving loan fund from \$75,000,000 to \$100,000,000. Section 3 of the bill increases the number of members of the agricultural revolving loan fund board from five to seven, and specifies that four members (rather than just three) must have background and experience in Alaska agriculture.

Section 4 increases the bond required of dealers in agriculture from \$5,000 to \$25,000. It also makes some minor changes in wording style.

Section 5 of the bill creates a new chapter, AS 36.16, requiring that preference be given to local agricultural products when the products are purchased by the state. (Cf. other preference provisions in AS 36.15.010 and 36.20.010.) An inspection certificate will be required for an agricultural product to be purchased by the state under new AS 36.16.

sk/20

-2-

Last, sec. 6 makes a minor amendment to the Homestead Act to include class IV soils as part of the land that must be developed before issuance of a patent.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bill Sheffield".

Bill Sheffield
Governor

ALASKA STATE LEGISLATURE

1935 Legislature FIRST Session

SENATE ... BILL ... NO. 120...

By THE SENATE COMMITTEE BY REPORT OF THE GOVERNOR

"An Act relating to agriculture; and providing for an effective date."

Introduced in the Senate 2/11/35, 19...35

HISTORY IN THE SENATE

19 85 Read first time and referred to Committee on Resources & Finance

2 1

3 20 Reported back with *Resources* recommendation that *replace* w/cs, 3 do pass, 1 do not pass, 3 no rec, to Finance.

4 15 *Final Replace w/cs, 4 do pass, 1 no rec, 2 no F.Y. & Oiler.*

4 17 *Calender*

4 17 Read second time and *CS - Fin adopted amended*

4 22 *made further amend*

4 17 Read third time and *hold 4/18*

4 18 *hold to 22nd*

4 22 *set to 2nd of June*

<i>4 22</i>	PASS <i>ed</i>	Effective Date
	Yeas - 16	Yeas <i>same</i>
	Nays - 4	Nays <i>se. 8</i>
	Absent - 0	Absent <i>19</i>
	Excused - 0	Excused

Reconsideration

	PASS	Effective Date
	Yeas	Yeas
	Nays	Nays
	Absent	Absent
	Excused	Excused

4 22 Reported correctly engrossed

22 Signed by President

22 Sent to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19 85 Read first time and referred to Committee on Resources & Finance

open 23

Reported back with recommendation that

Read second time and

Read third time and

	PASS	Effective Date
	Yeas	Yeas
	Nays	Nays
	Absent	Absent
	Excused	Excused

Reconsideration

	PASS	Effective Date
	Yeas	Yeas
	Nays	Nays
	Absent	Absent
	Excused	Excused

Reported correctly engrossed

Signed by Speaker

Returned to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19 Received from House

To enrolling

Reported correctly enrolled

Sent to Governor

..... by Governor

Filed with Lt. Governor

Chapter No.

Offered: 4/30/85
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE SENATE BY THE RESOURCES COMMITTEE
2 HOUSE CS FOR CS FOR SENATE BILL NO. 120 (Resources)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - FIRST SESSION
5 A BILL

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23 concerning areas suitable for agriculture and other activities and
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1 Sec. 36.16.020. INSERTION OF CLAUSE IN CALLS FOR BIDS AND IN
2 CONTRACTS. A clause containing the substance of AS 36.16.010 must be
3 inserted in all calls for bids and in all contracts awarded that
4 involve agricultural products.

5 Sec. 36.16.030. INSPECTION CERTIFICATE. Before purchase by the
6 state, an agricultural product originating in this state must receive
7 an inspection certificate from the commissioner of natural resources
8 under AS 03.05.010 or the commissioner of environmental conservation
9 under AS 03.05.011.

10 * Sec. 8. AS 38.09.050(a) is amended to read:

11 (a) The commissioner shall issue a patent to homestead entry
12 land if the permit holder

13 (1) resides and lives on the homestead entry land for not
14 less than 25 months within five years after the issuance of the home-
15 stead entry permit;

16 (2) completes an approved survey of the land within two
17 years after the issuance of the permit or under AS 38.09.040(b);

18 (3) erects a habitable, permanent dwelling on the homestead
19 within three years after the issuance of the homestead entry permit;

20 (4) brushes the boundaries of the land within 90 days after
21 the issuance of the permit;

22 (5) clears and either puts into production or prepares for
23 cultivation: either 25 percent of the land classified for agricultural
24 use or 50 percent of the suitable agricultural land, consisting of
25 [HAVING] class II, or III soils, whichever is more [LESS], within five
26 years after issuance of the permit.

27 * Sec. 9. Sections 1 - 4 and 7 of this Act take effect July 1, 1985.

28 * Sec. 10. Section 5 of this Act takes effect immediately in accordance
29 with AS 01.10.070(c).

Offered: 4/15/85
Referred: Rules

Original sponsor: Rules/Governor

1 IN THE SENATE BY THE FINANCE COMMITTEE
2 CS FOR SENATE BILL NO. 120 (Finance)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - FIRST SESSION
5 A BILL
6 For an Act entitled: "An Act relating to agriculture; and providing for an
7 effective date."
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
9 * Section 1. AS 03.05.010 is amended to read:
10 Sec. 03.05.010. POWERS AND DUTIES OF COMMISSIONER OF NATURAL
11 RESOURCES. (a) The commissioner of natural resources shall
12 (1) direct, administer, and supervise promotional and
13 experimental work, extension services, and agricultural projects for
14 the purpose of promoting and developing the agricultural industry
15 within the state including such fields as horticulture, dairying,
16 cattle raising, fur farming, grain production, vegetable production,
17 and development of other agricultural products;
18 (2) procure and preserve all information pertaining to the
19 development of the agricultural industry and disseminate that informa-
20 tion to the public;
21 (3) assist prospective settlers and others desiring to
22 engage in the agricultural industry in the state with information
23 concerning areas suitable for agriculture and other activities and
24 programs essential to the development of the agricultural industry in
25 the state;
26 (4) review the marketing, financing, and development of
27 agricultural products inside the state including transportation, with
28 special emphasis upon local production, and negotiate for the market-
29 ing of agricultural products of the state with federal and state

1 agencies operating in the state; [AND]

2 (5) regulate and control the entry into the state and the
3 transportation, sale or use inside the state of plants, seeds, vegeta-
4 bles, fruits and berries, nursery stock, shell eggs, animal feeds,
5 remedies and mineral supplements, fertilizers, and agricultural chemi-
6 cals in order to prevent the spread of pests, diseases, or toxic
7 substances injurious to the public interest, and to protect the ag-
8 ricultural industry against fraud, deception and misrepresentation; in
9 this connection the commissioner may require registration, inspection,
10 and testing, and establish procedures and fees;

11 (6) assist in the establishment of commodity marketing
12 associations, and adopt regulations to implement this paragraph; and

13 (7) establish and administer a grain warehouse and merchan-
14 dising program.

15 (b) To carry out the requirements of this title, the commis-
16 sioner of natural resources may issue orders, regulations, quaran-
17 tines, and embargoes relating to

18 (1) examination and inspection of premises containing
19 products, articles, and commodities carrying pests;

20 (2) establishment of quarantines for eradication of pests;

21 (3) establishment of standards and labeling requirements
22 pertaining to the sale of agricultural and vegetable seeds and pro-
23 cessed feeds;

24 (4) tests and analyses that [WHICH] may be made and hear-
25 ings that [WHICH] may be held to determine whether the commissioner
26 will issue a stop order or quarantine;

27 (5) cooperation with federal and other state agencies;

28 (6) licensing, bonding, inspection, and auditing of records
29 of public grain, grass, and legume storage or processing facilities.

1 * Sec. 2. AS 03.10.030(a) is amended to read:

2 (a) The farm development or [,] chattel [, OR IRRIGATION] loan
3 made under this chapter

4 (1) may not exceed a term of 30 years, except that a chat-
5 tel loan may not exceed a term of seven years unless the agricultural
6 revolving loan board determines that a longer term is in the best
7 interest of the state and would promote the purposes of this chapter
8 in which case, if the borrower is current in any existing agricultural
9 loan, an existing chattel loan may be combined with and amortized over
10 the same period as an existing farm development loan, or a chattel
11 loan may be extended beyond a seven-year term if the loan is secured
12 by additional real property as collateral;

13 (2) may not, when added to the outstanding balance of other
14 loans made under this chapter, exceed a total outstanding balance of
15 \$1,000,000 except that the total outstanding balance may be increased
16 up to 50 percent if the borrower has held a loan under this chapter
17 for at least two years and receives written approval under conditions
18 and standards established by the agricultural revolving loan board;

19 (3) shall be secured by a real estate or chattel mortgage
20 of any priority, except that the portion of a loan that exceeds
21 \$500,000, when added to prior indebtedness that is secured by the same
22 property, must be secured by a first mortgage;

23 (4) shall bear interest

24 (A) on that portion of the loan below \$1,000,000, at a
25 rate that may not be less than eight percent or more than the
26 commercial rate, unless the commercial rate is eight percent or
27 less; in this paragraph "commercial rate" means the prevailing
28 rate of interest at private lending institutions in the state for
29 loans similar to those referred to in this subsection;

1 (B) on that portion of the loan above \$1,000,000, at a
2 rate that may not be less than the prime rate prevailing at the
3 time of the loan; in this paragraph, "prime rate" means the prime
4 rate of interest normally charged at private lending institutions
5 in the state on the day the contract or loan commitment was made.

6 * Sec. 3. AS 03.10.030(c) is amended to read:

7 (c) A short term loan, to be amortized within one year, not to
8 exceed \$350,000 to any one borrower may be made for operating pur-
9 poses, except that a loan made under this subsection may not exceed
10 \$200,000 unless the loan is made to a borrower in a farm disaster area
11 declared under AS 03.10.058. The short-term loan limits may be in-
12 creased up to 50 percent if the borrower has held a loan under this
13 chapter for at least two years and receives written approval under
14 conditions and standards established by the agricultural revolving
15 loan board. An applicant for a short term loan may be required to
16 purchase insurance through the Federal Crop Insurance Act (7 U.S.C.
17 1501 - 1520) as a condition of the loan. The term of a loan made
18 under this subsection may be extended for up to three years by the
19 agricultural revolving loan fund board, in the discretion of the
20 board, upon application by the borrower. An existing short-term loan
21 may be combined with and amortized over the same time period as an
22 existing farm development loan if the agricultural revolving loan fund
23 board determines that the combination is in the best interest of the
24 state and promotes the purposes of this chapter.

25 * Sec. 4. AS 03.10.040 is amended to read:

26 Sec. 03.10.040. CREATION OF FUND. There is an agricultural
27 revolving loan fund, which may [SHALL] not exceed \$100,000,000,
28 [\$75,000,000] to carry out the purpose of this chapter.

29 * Sec. 5. AS 03.10.050(b) is amended to read:

1 (b) The board is composed of seven [FIVE] members appointed by
2 the governor and confirmed by the legislature in joint session. Three
3 members must [SHALL] be persons with background and experience in
4 Alaska agriculture and one additional member must be a person with
5 background and experience in Alaska horticulture. Members of the
6 board serve for overlapping three-year terms. Members of the board
7 are not entitled to receive compensation for their services, but are
8 entitled to [SHALL] receive the same travel pay and per diem as
9 provided by law for boards and commissions.

10 * Sec. 6. AS 03.57.020 is amended to read:

11 Sec. 03.57.020. BOND REQUIRED. Each dealer is required to
12 obtain and file with the director of the division of agriculture of
13 the Department of Natural Resources a bond in the amount of \$25,000
14 [\$5,000]. The bond shall be conditioned on the faithful performance
15 of the legal duties of the dealer as set out in this chapter and the
16 payment for vegetables purchased by the dealer. The bond is payable
17 to the person injured to the extent of the damages. The aggregate
18 liability of the surety for all breaches of the conditions of the bond
19 may not [SHALL, IN NO EVENT,] exceed the amount of the bond. The
20 surety may cancel the bond upon giving 30 days' notice in writing to
21 the director, and after that is [THEREAFTER SHALL BE] relieved of any
22 liability for a breach of condition occurring after the effective date
23 of cancellation.

24 * Sec. 7. AS 38.09.050(a) is amended to read:

25 (a) The commissioner shall issue a patent to homestead entry
26 land if the permit holder

27 (1) resides and lives on the homestead entry land for not
28 less than 25 months within five years after the issuance of the home-
29 stead entry permit;

1 (2) completes an approved survey of the land within two
2 years after the issuance of the permit or under AS 38.09.040(b);

3 (3) erects a habitable, permanent dwelling on the homestead
4 within three years after the issuance of the homestead entry permit;

5 (4) brushes the boundaries of the land within 90 days after
6 the issuance of the permit;

7 (5) clears and either puts into production or prepares for
8 cultivation either 25 percent of the land classified for agricultural
9 use or 50 percent of the suitable agricultural land, consisting of
10 [HAVING class II₂ or III soils, whichever is more [LESS], within five
11 years after issuance of the permit.

12 * Sec. 8. Sections 1 - 4 of this Act take effect July 1, 1985.

13 * Sec. 9. Section 5 of this Act takes effect immediately in accordance
14 with AS 01.10.070(c).