

ALASKA LEGISLATURE COMMITTEE BILL FILES - 1987 - 1988 8879

SB 353 thru SD 359 !. 109 109

S R

3 5 3

SENATE COMMITTEE REPORT

FURTHER

DATE TURNED INTO OFFICE _____

1/26/88

Mr. President:

FINANCE Committee considered SB 353

extending the agricultural production credit law.

and recommended

replace with _____ CS _____) same title
 or adopt _____ CS _____) new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)

new updated or previous

zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Chairman signature and recommendation

Committee Backup attached

3/16/88

Hold —

Pending review of fiscal notes for agriculture legislation and receipt of final bill comprising agricultural package.

ML

~~CS (Fin) being drafted~~

Action reporting out CSSB 353 (Fin)
rescinded 3/24/88

SENATE COMMITTEE REPORT

FURTHER

DATE TURNED INTO OFFICE 3/16/88

1/26/88
Mr. President:

Finance Committee considered SB 353
extending the agricultural production credit law

and recommended

replace with _____ CS SB 353 (Fin)) same title
 or adopt _____ CS _____) new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)

new updated or previous

zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Paul Heff (NO PASS)

Gene Duncan - No Rec
Paul Frick No Rec
W. Henry No Rec.

Rick Halford Do Pass
NO Rec
Chairman signature and recommendation

Committee Backup attached

Original sponsors: Coghill, Kerttula
and Szymanski

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 353 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act extending the agricultural production credit
7 law to cover years 1986 - 1990."

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

9 * Section 1. AS 03.05.015(b) is amended to read:

10 (b) The annual credit for the years 1986 - 1990 [1986 - 1988] is
11 10 percent of the total sales as documented by the farmer on Internal
12 Revenue Service Schedule F (form 1040).

13 * Sec. 2. Section 2, ch. 110, SLA 1986 is amended to read:

14 Sec. 2. AS 03.05.015 is repealed December 31, 1991 [1989].
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

Bradley

Original sponsors: Coghill, Kerttula
and Szymanski

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 353 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act extending the agricultural production credit
7 law to cover years 1986 - 1990."

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

9 * Section 1. AS 03.05.015(b) is amended to read:

10 (b) The annual credit for the years 1986 - 1990 [1986 - 1988] is
11 10 percent of the total sales as documented by the farmer on Internal
12 Revenue Service Schedule F (form 1040).

13 * Sec. 2. Section 2, ch. 110, SLA 1986 is amended to read:

14 Sec. 2. AS 03.05.015 is repealed December 31, 1991 [1989].
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

Original sponsors: Coghill, Kerttula
and Szymanski

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 353 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act extending the agricultural production credit
7 law to cover years 1986 - 1990."

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

9 * Section 1. AS 03.05.015(b) is amended to read:

10 (b) The annual credit for the years 1986 - 1990 [1986 - 1988] is
11 10 percent of the total sales as documented by the farmer on Internal
12 Revenue Service Schedule F (form 1040).

13 * Sec. 2. Section 2, ch. 110, SLA 1986 is amended to read:

14 Sec. 2. AS 03.05.015 is repealed December 31, 1991 [1989].
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

Original sponsors: Coghill, Kerttula
and Szymanski

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 353 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act extending the agricultural production credit
7 law to cover years 1986 - 1990."

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

9 * Section 1. AS 03.05.015(b) is amended to read:

10 (b) The annual credit for the years 1986 - 1990 [1986 - 1988] is
11 10 percent of the total sales as documented by the farmer on Internal
12 Revenue Service Schedule F (form 1040).

13 * Sec. 2. Section 2, ch. 110, SLA 1986 is amended to read:

14 Sec. 2. AS 03.05.015 is repealed December 31, 1991 [1989].
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

Introduced: 1/18/88
Referred: Resources and Finance

5-1576A

Finance Committee
BY COGHILL, KERTULA AND
GZYMANSKI

1 IN THE SENATE

2

CS SENATE BILL NO. 353 (*Finance*)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act extending the agricultural production credit

7

law." *to cover years 1986-1990.*

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

9 * Section 1. AS 03.05.015(b) is amended to read:

10

(b) The annual credit for the years ¹⁹⁹⁰ 1986 - ~~1991~~ [1986 - 1988] is

11

10 percent of the total sales as documented by the farmer on Internal

12

Revenue Service Schedule F (form 1040).

13

* Sec. 2. Section 2, ch. 110, SLA 1986 is amended to read:

14

Sec. 2. AS 03.05.015 is repealed December 31, ¹⁹⁹¹ ~~1992~~ [1989].

1 IN THE SENATE

BY COGHILL, KERTTULA AND
SZYMANSKI

2

SENATE BILL NO. 353

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act extending the agricultural production credit
7 law." *1989-1990 (Sen Halford said 1989-1990, Cheryl said he meant 1986-1990)*

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

9 * Section 1. AS 03.05.015(b) is amended to read:

10 (b) The annual credit for the years ¹⁹⁹⁰ 1986 - ~~1991~~ [1986 - 1988] is
11 10 percent of the total sales as documented by the farmer on Internal
12 Revenue Service Schedule F (form 1040).

13 * Sec. 2. Section 2, ch. 110, SLA 1986 is amended to read:

14 Sec. 2. AS 03.05.015 is repealed December 31, ¹⁹⁹¹ ~~1992~~ [1989].

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of _____ 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: Finance

**FISCAL NOTE(S) ATTACHED _____ **
IN ACCORDANCE WITH AS 24.08.035
(see below)

1/18/88 DATE TURNED INTO OFFICE _____
Mr. President:

Resources _____ Committee considered _____ SB 353

extending the agricultural production credit law

and recommended:

[] replace with CS _____ [] same title

[] attached amendment(s) and [] new title

[] do pass

[] do not pass

[] no recommendation

[x] *and reports it back as follows*
~~individual recommendations~~

[] further referral to _____

[] letter of intent adopted and attached

** Committee [x] attached or [] adopted fiscal note(s)
[x] zero [] fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

2 Ed Uncan - No Rec.
2 Ken Fanning No Rec
2 Paul Grish No Rec

[Signature]
Chairman signature and recommendation

[] Committee Backup Attached

Introduced: 1/18/88
Referred: Resources and Finance

5-1576A

1 IN THE SENATE

BY COGHILL, KERTTULA AND
SZYMANSKI

2 SENATE BILL NO. 353

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act extending the agricultural production credit
7 law."

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

9 * Section 1. AS 03.05.015(b) is amended to read:

10 (b) The annual credit for the years 1986 - 1991 [1986 - 1988] is
11 10 percent of the total sales as documented by the farmer on Internal
12 Revenue Service Schedule F (form 1040).

13 * Sec. 2. Section 2, ch. 110, SLA 1986 is amended to read:

14 Sec. 2. AS 03.05.015 is repealed December 31, 1992 [1989].
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
S

FISCAL NOTE

REQUEST:

Revision Date: 1/21/88 Agency Affected: Natural Resources
 Title: Extending Agricultural Production Credits BRU: Agricultural Management
 Sponsor: Sen. Cochill, Kerttula, Szymanski Components: _____
 Requestor: Senate Resources Committee

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	*	*	*	*	*	*

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)

*Extending the production credit program will not result in additional operating expenses for DNR but could result in the attached estimated loss in revenues to the Agricultural Revolving Loan Fund.

Prepared by: Carol Wilson Phone: 465-2400
 Division: Commissioner's Office Date: 1/21/88

Approved by Commissioner: *Julia M. Bury* Date: 1/21/88
 Agency: Department of Natural Resources

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

LOSS IN ARLF REVENUES
FROM PRODUCTION CREDITS

1986	Production Credits	\$346,055	
1987	Production Credits	\$539,997	
1988	Production Credits	\$322,135	YTD*
	Total Cost to ARLF	\$1,208,187	
1989	Estimated Credits	\$450,000	
1990	Estimated Credits	\$510,000	
1991	Estimated Credits	\$540,000	

*YTD - Year to Date

Extending the production credit program will effectively eliminate most interest income to the loan fund for all loans that are restructured, within the proposed extension period. This could result in an ARLF with insufficient dollars to fund loan requests or operating costs.

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

400 WILLOUGHBY AVE.
JUNEAU, ALASKA 99801-1796
PHONE: (907) 465-2400

January 21, 1988

The Honorable Jack Coghill
Chairman, Senate Resources Committee
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Dear Senator Coghill:

Subject

Senate Bill 353, which extends the agricultural production credit law.

Position

The Department of Natural Resources is concerned that this extension of the existing agricultural production credit program for sales through 1991 could have disastrous effects on the Agricultural Revolving Loan Fund (ARLF) and its ability to service the loan needs of viable agricultural operations.

Background

The ARLF has not received an appropriation of funds since FY 1986. Its current balance is approximately \$7.6 million which will be used to provide an estimated \$3 to 4 million in loans each year. Because the production credits program reduces or eliminates income to the ARLF, as do other farm debt relief programs such as debt restructuring and Delta debt renegotiation, unless additional dollars are appropriated or the fund begins to revolve, the ARLF balance will soon decline to zero.

Recommendation

To provide minimal protection to the ARLF if the production credits program is extended, change the program so that:
(1) it applies to no more than 50% of the total ARLF interest owed by any one borrower and; (2) it applies only to borrowers that are current on ARLF loan payments at the time the credit is applied.

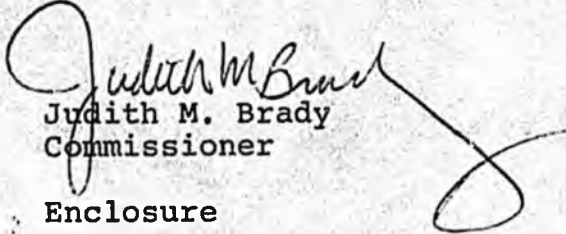
Senator Coghill

-2-

January 21, 1988

I have enclosed information about costs to the ARLF of the production credit program. Please let me know if you have additional questions.

Sincerely,


Judith M. Brady
Commissioner

Enclosure

cc: Senator Kerttula
Senator Szymanski
Rod Swope
Bob Evans

ALASKA STATE LEGISLATURE

. 15th . Legislature . . 2nd . Session

SENATE.....BILL..... NO...353

By ... COGHILL, KERTTULA.....
SZYMANSKI

"An Act extending the agricultural production credit law."

Introduced in the Senate 1/18....., 19 33....

HISTORY IN THE SENATE

19 88

Read first time and referred to Committee on

1 18

Resources, Finance

Reported back with recommendation that *Recessed*

1 25

1 do pass 3 no rec, PFR to Finance

Read second time and

Read third time and

PASSED Effective Date
Yeas Yeas
Nays Nays
Excused Excused
Absent Absent

Reconsideration
Reconsideration not taken up

PASSED Effective Date
Yeas Yeas
Nays Nays
Excused Excused
Absent Absent

Reported correctly engrossed
Signed by President
Sent to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASSED Effective Date
Yeas Yeas
Nays Nays
Excused Excused
Absent Absent

Reconsideration
Reconsideration not taken up

PASSED Effective Date
Yeas Yeas
Nays Nays
Excused Excused
Absent Absent

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

Chapter No.

Filed with Lt. Governor

Senator John B. (Jack) Coghill
Alaska State Legislature



Box V
Juneau, Alaska 99811
(907) 465-4797

Box 55028
North Pole, Alaska 99705
(907) 488-0662

M E M O R A N D U M

TO: Members of the Senate Finance Committee

FROM: Senator John B. Coghill

RE: SB 353, Extension of Production Credit Law

DATE: March 16, 1988

The agricultural production credit program has greatly assisted farmers across the state toward the goal of managing their debt load. While production credits alone cannot change all the financial ills in farming, it helps those who are still producing for the local economy.

The original production credit law was passed in 1986. This act mandated that the commissioner of natural resources establish a program of production credits to be applied against interest due on agricultural loans and on agricultural land sales loans. The credit is based on agricultural products grown in the state. The annual credit is 10 percent of the total sales as documented by the farmer on his IRS form 1040. This program would expire December 31, 1989. SB 353 extends the program for three years.

Production credits makes a difference to farmers, especially in light of the current Alaskan economy. A three-year extension will help this sector of the economy adjust to the present financial downturn.

The Department has taken the position that the credit program will jeopardize the Agriculture Revolving Loan Fund because it decreases interest income to the fund. This they say, in conjunction with debt restructuring programs, may soon wipe out the fund because no general fund monies have been appropriated to the fund since FY 1986.

Since 1986 to date credits have totalled \$1,208,187. In 1986 alone, the ARLF was charged nearly \$800,000 in salaries and expenses of the Division of Agriculture. Over 40 percent of the personnel cost of the division were charged to the fund in FY 87. This alone totaled \$830,937. I think the division should reevaluate the need to raid the fund for its own in-house purposes, before its starts protecting the fund from use by producing farmers.

(4) tests and analyses which may be made and hearings which may be held to determine whether the commissioner will issue a stop order or quarantine;

(5) cooperation with federal and other state agencies;

(6) regulation of fur farming; for purposes of this paragraph, "fur farming" means the raising of and caring for animals for the purpose of marketing their fur, or animals themselves for breeding stock;

(7) examination and inspection of meat, fish, and poultry advertised for sale or sold to the public;

(8) enforcement of quality assurance plans developed in cooperation with appropriate industry representatives.

(b) The commissioner of environmental conservation shall regulate the farming of elk in a manner similar to the manner in which the commissioner regulates domestic animals and livestock, to the extent that is appropriate. (§ 33-1-2 ACLA 1949; am § 1 ch 46 SLA 1960; am § 1 ch 82 SLA 1974; am §§ 3, 4 ch 138 SLA 1974; am § 1 ch 58 SLA 1978; am Executive Order No. 51, § 2 (1981); am § 1 ch 57 SLA 1982; am § 1 ch 23 SLA 1983; am § 2 ch 88 SLA 1987)

Effect of amendments. — The 1987 amendment added subsection (b).

Sec. 03.05.015. Agricultural production credits [Repealed effective December 31, 1989]: (a) The commissioner of natural resources shall establish a program of agricultural production credits to be applied against interest due on agricultural loans made under this title and AS 44 and interest due on the sale of agricultural land under AS 38.05. The credits shall be based on agricultural products grown or raised in the state.

(b) The annual credit for the years 1986 — 1988 is 10 percent of the total sales as documented by the farmer on Internal Revenue Service Schedule F (form 1040).

(c) A credit granted under this section may not be transferred. (§ 1 ch 110 SLA 1986; r § 2 ch 110 SLA 1986)

Repeal of section. — Section 2, ch. 110, SLA 1986, repeals this section December 31, 1989.

FY 87 SALARY FUNDING SOURCE

PCN	JOB CLASS TITLE	RANGE	ANNUAL POSITION COST	FUNDING SOURCE							
				GF	%	ARLF	%	PG RCPTS	%		
259	ACCOUNTANT III	18	52,305	0		52,305	100%	0		IARLF	
3001	DIRECTOR	26	89,903	44,952	50%	44,952	50%	0		IAG ADMIN	
3002	SECRETARY I	10	37,785	20,404	54%	17,381	46%	0		IAG ADMIN	
3006	AG INSPECTOR III	18	59,332	59,332	100%	0		0		I	
3008	LOAN MANAGER	20	59,893	0		59,893	100%	0		IARLF	
3011	CLERK TYPIST II	7	27,814	27,814	100%	0		0		I	
3013	DEVELOPMENT SPEC II	20	73,691	36,846	50%	36,846	50%	0		IDEV	
3017	LOAN CLOSER II	12	37,785	0		37,785	100%	0		IARLF	
3020	LOAN EXAMINER III	19	54,004	0		54,004	100%	0		IARLF	
3024	AGRONOMIST IV	20	65,676	65,676	100%	0		0		I	
3025	AGRONOMIST II	16	49,011	49,011	100%	0		0		I	
3026	MAINT MECH VII	52	54,068	54,068	100%	0		0		I	
3027	CLERK TYPIST III	8	34,564	34,564	100%	0		0		I	
3029	AGRONOMIST II	16	44,447	44,447	100%	0		0		I	
3030	ACCOUNTING CLERK II	9	34,564	0		34,564	100%	0		IARLF	
3031	MAIN WORKER II	54	47,155	47,155	100%	0		0		I	
3032	EQUIP OPERATOR IV	54	43,227	43,227	100%	0		0		I	
3033	MAINTENANCE WORKER II	54	27,505	27,505	100%	0		0		I	
3034	LABORER VIII	54	14,220	14,220	100%	0		0		I	
3033	LABORER VIII	54	12,640	12,640	100%	0		0		I	
3036	AGRONOMIST I	14	37,039	37,039	100%	0		0		I	
3039	LABORER VIII	54	14,220	14,220	100%	0		0		I	
3040	LABORER VIII	54	12,640	12,640	100%	0		0		I	
3043	NATURAL RESOURCE MANAGER I	18	54,004	27,002	50%	27,002	50%	0		IDEV	
3045	DEPUTY DIRECTOR	23	79,081	39,541	50%	39,541	50%	0		IAG ADMIN	
3046	AG INSPECTOR II	16	52,305	26,153	50%	0		26,153	50%	I	
3047	ADMIN ASSISTANT I	12	36,618	25,633	70%	10,985	30%	0		IDEV	
3048	DEVELOPMENT SPECIALIST I	18	52,305	0		52,305	100%	0		IMKT	
3051	AGRONOMIST II	16	49,011	49,011	100%	0		0		I	
3052	CLERK TYPIST III	8	28,597	0		28,597	100%	0		IARLF	
3054	LABORER VIII	54	9,479	9,479	100%	0		0		I	
3055	LABORER VIII	54	9,479	9,479	100%	0		0		I	
3056	CLERK TYPIST II	7	12,803	0	0%	12,803	100%	0		IARLF	
3058	DEVELOPMENT SPEC I	18	66,968	0		66,968	100%	0		IMKT	
3059	AGRONOMIST III	18	55,673	55,673	100%	0		0		I	
3060	CLERK TYPIST III	8	30,133	0		30,133	100%	0		IARLF	
3061	AGRONOMIST II	16	45,791	45,791	100%	0		0		I	
3063	NATURAL RESOURCE MANAGER I	18	54,004	40,503	75%	13,501	25%	0		IDEV	
3064	LOAN EXAMINER III	19	66,968	0		66,968	100%	0		IARLF	
3065	LOAN EXAMINER III	19	57,652	0		57,652	100%	0		IARLF	
3066	LABORER VIII	54	9,479	9,479	100%	0		0		I	
3067	NATURAL RESOURCE OFFICER I	16	52,306	0		0		52,306	100%	I	
3068	NATURAL RESOURCE OFFICER I	16	71,277	0		0		71,277	100%	I	
3069	CLERK TYPIST III	8	36,618	0		0		36,618	100%	I	
3070	LOAN EXAMINER III	19	54,004	0		54,004	100%	0		IARLF	
3071	PLANNER IV	19	52,687	34,247	65%	18,440	35%	0		IDEV	
3072	CLERK TYPIST II	7	14,309	0		14,309	100%	0		IARLF	
				2,035,039	1,017,748	50%	830,937	41%	186,354	9%	

# OF EMPLOYEES FUNDED FROM SOURCE	47	30	22	4
# OF EMPLOYEES @ 100% ONE SOURCE	38	21	14	3
# OF EMPLOYEES PARTIAL % TWO SOURCES	9	9	8	1

NOTE: ARLF EMPLOYS 10 PFT AND 2 PPT; MARKETING EMPLOYS 2 PFT;
PARTIALLY FUNDED BY ARLF ARE IN AG ADMIN (3) & DEVELOPMENT (5).

Also, livestock breeders have contacted by office regarding production credits. Apparently this income is reported on another IRS form and does not flow through Schedule F. Livestock breeders were given credit prior to 1987, but the division has reversed its policy. I would recommend that the Senate Finance Committee amend SB 353 to allow livestock breeders to participate in production credits. We need to diversify our economy and livestock breeders produce cattle for other farmers to purchase and start operations.

I urge your support on this bill.

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

400 WILLOUGHBY AVE.
JUNEAU, ALASKA 99801-1796
PHONE: (907) 465-2400

January 21, 1988

The Honorable Jack Coghill
Chairman, Senate Resources Committee
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Dear Senator Coghill:

Subject

Senate Bill 353, which extends the agricultural production credit law.

Position

The Department of Natural Resources is concerned that this extension of the existing agricultural production credit program for sales through 1991 could have disastrous effects on the Agricultural Revolving Loan Fund (ARLF) and its ability to service the loan needs of viable agricultural operations.

Background

The ARLF has not received an appropriation of funds since FY 1986. Its current balance is approximately \$7.6 million which will be used to provide an estimated \$3 to 4 million in loans each year. Because the production credits program reduces or eliminates income to the ARLF, as do other farm debt relief programs such as debt restructuring and Delta debt renegotiation, unless additional dollars are appropriated or the fund begins to revolve, the ARLF balance will soon decline to zero.

Recommendation

To provide minimal protection to the ARLF if the production credits program is extended, change the program so that:
(1) it applies to no more than 50% of the total ARLF interest owed by any one borrower and; (2) it applies only to borrowers that are current on ARLF loan payments at the time the credit is applied.

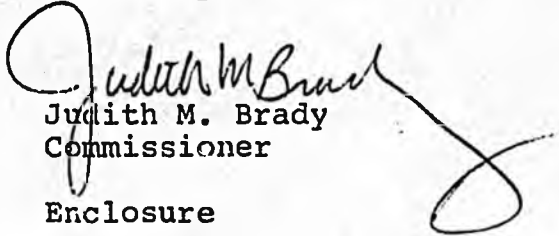
Senator Coghill

-2-

January 21, 1988

I have enclosed information about costs to the ARLF of the production credit program. Please let me know if you have additional questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Judith M. Brady". The signature is written in dark ink and is positioned to the right of the typed name and title.

Judith M. Brady
Commissioner

Enclosure

cc: Senator Kerttula
Senator Szymanski
Rod Swope
Bob Evans

Sec. 24.08.030. Appropriation bills. Bills for appropriation shall be confined to appropriations and shall include the amount involved and the purpose, method, manner and other related conditions of payment. (§ 31 ch 157 SLA 1959)

Revisor's notes. — Formerly AS
24.30.030. Renumbered in 1985.

Sec. 24.08.035. Fiscal notes on bills. (a) Before a bill or resolution, except an appropriation bill, is reported from the committee of first referral, there shall be attached to the bill a fiscal note containing an estimate of the amount of the appropriation increase or decrease which would result from enactment of the bill for the current fiscal year and five succeeding fiscal years or, if the bill has no fiscal impact, a statement to that effect shall be attached. The fiscal note or statement shall be prepared in conformity with the requirements of this section by the department or departments affected and may be reviewed by the office of management and budget. The fiscal note or statement shall be delivered to the committee requesting it within five days of the request or within two days if the request is made after the 90th day of a regular session, or during a special session of the legislature. If the bill is presented by the governor for introduction in accordance with AS 24.08.060(b) and the uniform rules of the legislature, the fiscal note or statement shall be attached to the bill before the bill is introduced. An amendment or a substitute bill proposed by a committee of referral that changes the fiscal impact of a bill shall be explained in a revised fiscal note or statement attached to the bill.

(b) In addition to the fiscal note required by this section, the sponsor of a bill or resolution may prepare a fiscal note in conformity with the requirements of this section and submit it to the committee of first referral or the finance committee. A committee may prepare an additional fiscal note in conformity with the requirements of this section.

(c) A fiscal note for a bill or resolution must contain the following information:

- (1) the fiscal impact on existing programs;
- (2) the fiscal impact of new programs or activities;
- (3) a line item detail of the fiscal impact;
- (4) the source of funds expected to be utilized by general fund source, federal fund source, or other identified source;
- (5) the number of new positions which may be required, identified as full-time, part-time, or temporary;
- (6) an analysis of how the figures in the fiscal note were derived;
- (7) additional information necessary to explain the fiscal note;

- (8) a fiscal impact projection for the current fiscal year and for the succeeding five fiscal years; and
- (9) formal information consisting of
 - (A) the bill or resolution number,
 - (B) the name of the prime sponsors,
 - (C) the date the fiscal note was prepared,
 - (D) the name of the committee requesting the fiscal note,
 - (E) the name and phone number of the person who prepared the fiscal note, and
 - (F) the budget request unit, program, or subprogram affected.

(d) The original of a fiscal note shall be submitted to the Division of Legislative Finance and copies shall be sent to the prime sponsor, the committee requesting the fiscal note, and the office of management and budget. (§ 1 ch 153 SLA 1968; am § 1 ch 20 SLA 1972; am § 1 ch 42 SLA 1976; am § 2 ch 60 SLA 1979; am §§ 3, 4 ch 63 SLA 1983)

Revisor's notes. — Formerly AS 24.30.035. Renumbered in 1985.

Effect of amendments. — The 1983 amendment designated the existing language as subsection (a) and added subsections (b), (c), and (d); and in present subsection (a), in the first sentence inserted "or resolution, except an appropriation bill," following "Before a bill" and

substituted "current fiscal year and five succeeding fiscal years" for "ensuing fiscal year and at least two succeeding fiscal years", in the second sentence inserted "in conformity with the requirements of this section" and added the language beginning "and may be reviewed", and inserted the present third sentence.

Sec. 24.08.036. Fiscal notes on bills affecting state retirement systems. Before a bill which would have an effect on the retirement systems of the state is reported to the rules committee, there shall be attached to the bill an analysis of the long-term and short-term costs to the state if the bill is adopted, as well as the impact of the bill on the actuarial soundness of the fund. The analysis is in addition to the fiscal note requirements of AS 24.08.035. (§ 2 ch 130 SLA 1977; am § 3 ch 60 SLA 1979; am § 81 ch 6 SLA 1984)

Revisor's notes. — Enacted as AS 24.30.037. Renumbered as AS 24.30.036 in 1977. Renumbered again in 1985.

Effect of amendments. — The 1984

amendment deleted "shall be prepared by the Legislative Board of Retirement Benefits and" following "analysis" in the second sentence.

Sec. 24.08.037. General obligation bond bills. A bill authorizing the issuance of general obligation bonds creating a state debt for capital improvements shall contain a statement of the scope of each project included in the proposed bond issue. The statement shall include a brief description of each capital improvement project, its location, and, in dollars, that portion of the total bond issue to be allocated to the project. (§ 2 ch 70 SLA 1973; am § 30 ch 197 SLA 1975)

FISCAL NOTE

REQUEST:

Revision Date: 3/22/88
Title: Extending Agricultural Production Credits
Sponsor: Sen. Coghill, Kerttula, Szymanski
Requestor: Senate Finance Committee

Agency Affected: Natural Resources
BRU: Agricultural Management

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

REVENUE	(506.4)	(450.0)	(510.0)	(540.0)	(550.0)	-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)

Extending the production credit program will not result in additional operating expenses for DNR but could result the noted estimated loss in revenues to the Agricultural Revolving Loan Fund.

Prepared by: Hal Ward
Division: Agriculture

Phone: 465-2400

Date: 3/22/88

Approved by Commissioner: ky Tom Hawkins
Agency: Natural Resources

Date: 3/22/88

Distribution (by preparer):

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

*Update
for
CS(FIN)*

FISCAL NOTE

REQUEST:

Revision Date: 1/21/88
Title: Extending Agricultural Production Credits
Sponsor: Sen. Cochill, Kerttula, Szymanski
Requestor: Senate Resources Committee

Agency Affected: Natural Resources
BRU: Agricultural Management
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	*	*	*	*	*	*

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)

*Extending the production credit program will not result in additional operating expenses for DNR but could result in the attached estimated loss in revenues to the Agricultural Revolving Loan Fund.

Prepared by: Carol Wilson
Division: Commissioner's Office

Phone: 465-2400
Date: 1/21/88

Approved by Commissioner: *Julia W. B...*
Agency: Department of Natural Resources

Date: 1/21/88

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

Update to reflect OS (Fin)

LOSS IN ARLF REVENUES
FROM PRODUCTION CREDITS

1986	Production Credits	\$346,055	
1987	Production Credits	\$539,997	
1988	Production Credits	\$322,135	YTD*
Total Cost to ARLF		\$1,203,187	
1989	Estimated Credits	\$450,000	
1990	Estimated Credits	\$510,000	
1991	Estimated Credits	\$540,000	

*YTD - Year to Date

Extending the production credit program will effectively eliminate most interest income to the loan fund for all loans that are restructured, within the proposed extension period. This could result in an ARLF with insufficient dollars to fund loan requests or operating costs.

C S S B

3 5 6

(11)

Date referred: 3/2/88

FURTHER REFERRALS:

DATE: 4/12/88

The Finance Committee has considered CSSB 356(L&C)

"An Act relating to the procurement preference for state agricultural and fisheries products; and providing for an effective date."

RECOMMENDS:

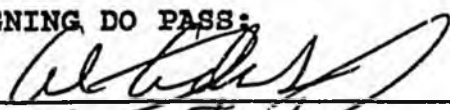
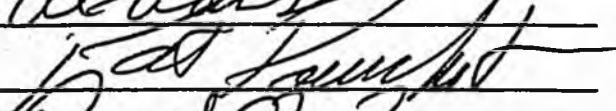
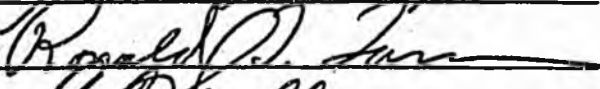
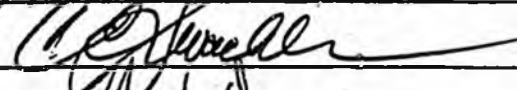
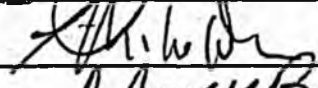
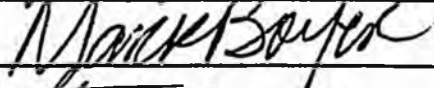
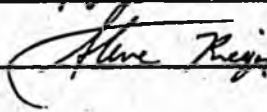
- replace with HCS CSSB 356(Fin) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: [] _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact
- zero fiscal note
- zero with analysis
- same as previous fiscal note published _____
- same as previous zero fiscal note published 2/25/88

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:



 Chairman's signature

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Administration
 Title: An Act Relating to the Procurement BRU: General Services & Supply
Preference for State Agricultural *
 Sponsor: Josephson et al. Components: Purchasing
 Requestor: _____

* and Fisheries Products.

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
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	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

We have no way of calculating any impact of existing statute and hence no way to calculate impact of the bill on municipalities or school districts.

Prepared By: Robert J. Link *Robert J. Link* Phone: 465-2250
 Division: General Services & Supply Date: January 25, 1988
 Approved by Commissioner: John M. Andrews *John M. Andrews* Date: 1/27/88
 Agency: Department of Administration

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

Original sponsors: Josephson, Szymanski,
Rodey, et al.

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 356 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the procurement preference for
7 state agricultural and fisheries products; and pro-
8 viding for an effective date."

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

10 * Section 1. AS 29.10.200 is amended by adding a new paragraph to read:

11 (49) AS 29.71.040 (procurement preference).

12 * Sec. 2. AS 29.71 is amended by adding a new section to read:

13 Sec. 29.71.040. PROCUREMENT PREFERENCE. (a) When agricultural
14 products are purchased by a municipality that receives state money,
15 only agricultural products harvested in the state shall be purchased
16 whenever priced no more than seven percent above products harvested
17 outside the state, available, and of like quality compared with agri-
18 cultural products harvested outside the state.

19 (b) When fisheries products are purchased by a municipality that
20 receives state money, only fisheries products harvested or processed
21 within the jurisdiction of the state shall be purchased whenever
22 priced no more than seven percent above products harvested or pro-
23 cessed outside the jurisdiction of the state, available, and of like
24 quality compared with fisheries products harvested or processed out-
25 side the jurisdiction of the state.

26 (c) A solicitation by a municipality for the purchase of agri-
27 cultural or fisheries products shall specify the requirement that
28 products harvested in the state shall be used where possible. If a
29 municipality that receives state money purchases agricultural or

1 fisheries products harvested outside the state, the municipal officer
2 responsible for the purchase shall certify in writing the reasons that
3 products harvested in the state were not purchased.

4 (d) If a contractor fails to comply with this section, the
5 municipality shall withhold payment until the contractor complies. If
6 a municipality fails to comply with this section, the state department
7 responsible for disbursing state money to the municipality shall
8 withhold the money until the municipality complies.

9 (e) An interested party, as defined in AS 36.30.699, may seek
10 administrative or judicial review of the award of a contract in vio-
11 lation of this section.

12 (f) Compliance with this section is not required if an exception
13 to this section is mandated for participation in a federal program.

14 (g) This section applies to general law and home rule municipal-
15 ities.

16 (h) In this section,

17 (1) "agricultural products" includes dairy products, timber
18 and lumber, and products manufactured from timber and lumber;

19 (2) "state money" includes state reimbursement to munici-
20 palities for school or related construction, foundation funding for
21 education, municipal assistance, revenue sharing, and state funds for
22 capital projects.

23 * Sec. 3. AS 36.15.050(a) is amended to read:

24 (a) When agricultural products are purchased by the state or by
25 a school district that receives [USING] state money, only agricultural
26 products harvested in the [THIS] state shall be purchased whenever
27 priced no more than seven percent above products harvested outside the
28 state, available, and of like quality compared with agricultural
29 products harvested outside the state.

1 * Sec. 4. AS 36.15.050(b) is amended to read:

2 (b) When fisheries products are purchased by the state or by a
3 school district that receives [USING] state money, only fisheries
4 products harvested or processed within the jurisdiction of the state
5 shall be purchased whenever priced no more than seven percent above
6 products harvested or processed outside the jurisdiction of the state,
7 available, and of like quality compared with fisheries products har-
8 vested or processed outside the jurisdiction of the state.

9 * Sec. 5. AS 36.15.050(c) is amended to read:

10 (c) A solicitation for the purchase of agricultural or fisheries
11 products shall specify the requirement that products harvested in the
12 state shall be used where possible. If the state or a school district
13 that receives state money purchases [IS USED TO PURCHASE] agricultural
14 or fisheries products harvested outside the state, the officer respon-
15 sible for the purchase shall certify in writing the reasons that
16 products harvested in the state were not purchased.

17 * Sec. 6. AS 36.15.050(d) is amended to read:

18 (d) If a contractor fails to comply with this section, the
19 purchasing agency shall withhold payment [THE STATE MONEY] until the
20 contractor complies. If [A MUNICIPALITY OR] a school district fails to
21 comply with this section, the department responsible for disbursing
22 [THE] state money to the [MUNICIPALITY OR] school district shall
23 withhold the money until the [MUNICIPALITY OR] school district com-
24 plies.

25 * Sec. 7. AS 36.15.050(g) is repealed and reenacted to read:

26 (g) In this section,

27 (1) "agricultural products" includes dairy products, timber
28 and lumber, and products manufactured in the state from timber and
29 lumber;

1 (2) "school district" includes a regional educational
2 attendance area established under AS 14.08;

3 (3) "state money" includes state reimbursement to school
4 districts for school or related construction, foundation funding for
5 education, municipal assistance, revenue sharing, and state funds for
6 capital projects.

7 * Sec. 8. This Act takes effect immediately under AS 01.10.070(c).
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Administration
 Title: An Act Relating to the Procurement BRU: General Services & Supply
Preference for State Agricultural *
 Sponsor: Josephson et al. Components: Purchasing
 Requestor: _____

* and Fisheries Products.

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
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	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

We have no way of calculating any impact of existing statute and hence no way to calculate impact of the bill on municipalities or school districts.

Prepared By: Robert J. Link *Robert J. Link* Phone: 465-2250
 Division: General Services & Supply Date: January 25, 1988

Approved by Commissioner: John M. Andrews *John M. Andrews* Date: 1/27/88
 Agency: Department of Administration

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



United States
Department of
Agriculture

Food and
Nutrition
Service

3101 Park Center Drive
Alexandria, VA 22302

NOV 19 1987

Mr. L. T. Freeman
Assistant Superintendent
for Business Management
Anchorage School District
4600 DeParr Avenue
Anchorage, Alaska 99519-6614

Dear Mr. Freeman:

Thank you for your recent letter concerning the allowability of "State preference" procurements in the National School Lunch and School Breakfast Programs.

At the present time, procurements made in accordance with State preference procedures are not prohibited by Office of Management and Budget Circular A-102. Therefore, until the circular is amended or the Federal courts make it clear that such preferences violate Federal law or the Constitution, you may implement the local product preference.

Sincerely,

SAMUEL P. BAUER
Director
Child Nutrition Division

2/4
NOV 26 1987

MDA

MEMORANDUM

State of Alaska

TO: Honorable William Demmert
 Commissioner
 Department of Education

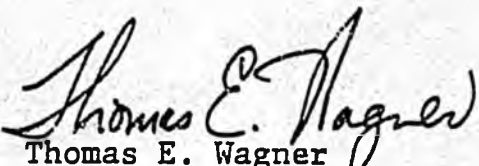
DATE: January 20, 1987

FILE NO: 663-88-0201

TELEPHONE NO: 465-3603

THRU:

SUBJECT: Interpretation of
 ch. 62, SLA 1987

FROM: 
 Thomas E. Wagner
 Assistant Attorney General
 Human Services-Juneau
 Department of Law

You have asked whether the above-referenced legislation requires a school district to purchase locally produced milk for its school lunch program. As we understand it, the money the school district uses to purchase the milk comes from a fund consisting solely of federal subsidies and student payments for lunches. If so, we conclude that the legislation does not require local purchase because the money involved is not "state money" as defined in the legislation.

AS 36.15.050, as amended by § 1, ch. 62, SLA 1987, provides, in pertinent part:

(a) When agricultural products are purchased using state money, only agricultural products harvested in this state shall be purchased whenever priced no more than seven percent above products harvested outside the state, available, and of like quality compared with agricultural products harvested outside the state.

.....

(c) In this section,

.....

(2) "state money" includes state reimbursement to municipalities and school districts for school or related construction, foundation funding for education, municipal assistance, revenue sharing, and state funds for capital projects.

Correspondence you have received from the Anchorage School District (letter from Tom Freeman dated November 12, 1987) indicates that it makes purchases for its school lunch program

Honorable William Demmert
Department of Education
663-88-0201

January 20, 1988
Page 2

from a food service fund that consists solely of subsidies received from the federal government and student payments for lunches. No "state reimbursement for school or related construction" or "foundation funding for education," within the meaning of AS 36.15.050(c)(2), is involved. In our opinion, if the school district has accurately described the source of funding for its school lunch program, AS 36.15.050 does not apply to its purchase of agricultural products for that program because the money involved is not "state money" within the meaning of the statute. */

Please contact me if you have further questions regarding this matter.

TEW:jal

*/ It is not clear that amending the law to apply in this factual situation would be permissible under federal law as it may make a school district ineligible for federal subsidies. A federal regulation applicable to the school lunch program, 7 C.F.R. § 3015.182, which is incorporated by reference at 7 C.F.R. § 210.21, provides:

All procurement transactions, regardless of whether by sealed bids or by negotiation and without regard to dollar value, shall be conducted in a manner that provides maximum open and free competition.

AS 36.15.050(f) specifically provides that compliance with AS 36.15.050 "is not required if an exception to this section is mandated for participation in a federal program."



Official Business

Alaska State Legislature

Senate

P.O. BOX V
State Capitol
Juneau, Alaska 99811

TO: Anchorage Senators
FROM: Senator Joe Josephson *J.P.J.*
DATE: January 14, 1988
RE: Amending procurement preference to specifically
include school districts

I am planning to introduce the attached legislation which would amend the seven percent procurement preference law (SB 201) we adopted in 1987. As you know, the Anchorage School District did not apply a local products preference section when the milk bid was put out last year and feels that the current language of the new statute, at least as it applies to the school lunch program, does not clearly entitle the District, or require the District, to implement the seven percent preference. The theory is that state monies do not fund the school lunch program per se. The Anchorage School District does support amending the current statute to express more clearly the intent of the original legislation which would apply to school districts and all their programs.

I welcome your co-sponsorship on this legislation which I believe would encourage the use of Alaska products in our economy. Please contact my office at 465-4525 by January 18 if you would like to be a co-sponsor.

Attachment



ANCHORAGE SCHOOL DISTRICT

4600 DeBarr Avenue
P.O. Box 196614
Anchorage, Alaska 99519-6614
AREA CODE [907] 333-3561

SCHOOL BOARD

Jean Buchanan
President

William Frick
Vice President

Carol Stolpe
Clerk

Bettye Davis
Clerk Pro Tem
Immediate Past President

Martha Roderick
Treasurer

Darryl Jordan
Assistant Treasurer

Jim Robinson
Parliamentarian
Past President

SUPERINTENDENT

William Coats, Ph.D.

July 31, 1987

The Honorable Joe Josephson
Alaska State Legislature
3111 C Street, Suite 550
Anchorage, Alaska 99503

Dear Senator Josephson:

The Business Management Division is responsible for the purchasing of equipment and supplies for the Anchorage School District. We understand your concern regarding the award of the milk contract for the District.

It is our endeavor to serve the people of the Municipality of Anchorage, abiding by established School Board Policy, as well as the Municipalities' ordinances and the laws of the State of Alaska.

The policies of the District do not permit the flexibility in the awarding of contracts based on only slightly higher pricing, but rather require that contracts be awarded to the "lowest responsible bidder," subject to the terms and conditions of the bidding documents.

It is our desire to comply with State law that is applicable to this District in the awarding of contracts. Our current interpretation of Senate Bill 201 is that it does not apply to milk or other purchases for the School Lunch Program since that program is not funded by State monies.

In our opinion, if it is the intent of the Legislature to impose bidder or product preferences on school districts' procurements without regard to funding source, Senate Bill 201 needs to be amended.

In summary, even though our individual preferences might well be to purchase locally produced products, we intend to award contracts, as a result of the bidding process, fairly and legally to the lowest

The Honorable Joe Josephson
Page ?
July 31, 1987

responsible bidder in accordance with the terms and conditions of the bid documents, School Board Policy, and State law. As an added note, we will be working with the Development Corporation to review the bid specifications for future bids on milk.

Sincerely,

Tom Freeman

L. T. Freeman
Assistant Superintendent
for Business Management

cl

*P.S. Joe, I also use Mat. Mail
Products*

Tom

Mr. L. T. Freeman

-2-

August 11, 1987

It is all well and good to say that the District policy is to award contracts "to the lowest responsible bidder. . .". However, there are several problems which that policy suggests.

First, the District operates today in the context of an ailing State economy, and a precarious environment for dairymen and other farmers. Only through the strengthening of Alaska's economy generally, and Alaska agriculture in particular, can the State of Alaska continue to provide high levels of support for public education and other critical programs.

The District seems to say that it can be indifferent to these larger public policy problems and issues. Other governments, and governmental functions, are to bear the burden created by that indifference, under the District's view. As far as the District is concerned, the State ought to be willing to bear heavy losses in its dairy cooperative operations and its role as an agricultural lender without asking the District and other local government units for help in building a sound agricultural base in the State.

I believe that is an unreasonable position. All parts of the Alaska economy need to work together in a joint and mutual commitment to strengthen our State. Of course, in the long term, our success in building Alaska agriculture will help provide products for school lunches at lower cost than is possible now through any supplier or group of suppliers.

I have been a consistent, prominent, supporter of public education in the Legislature. I have been a consistent, if somewhat less prominent, supporter of Alaska agriculture for decades. I see, from this experience, a real need for the District to reconsider its "policies" and bring them into alignment with the policies pronounced by the Legislature.

That brings me to another difficulty. Your "policies" call for awards to the lowest responsible bidder "in accordance with the terms and conditions of the bid documents, School Board policy, and State law." The difficulty is that School Board "policy" and "State law" are not the same. State law already calls for preferences for Alaska agricultural commodities when "competitively priced". That law should have been incorporated into the bid documents, and applied.

The District appears determined to ignore SB 201 even when SB 201 becomes effective, on the theory that the milk program does not rely on "State monies", thus reading into SB 201 a stipulation or condition that is not found there.

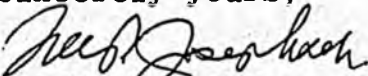
Mr. L. T. Freeman

-3-

August 11, 1987

My disappointment is profound. The District is not an economic island. There are larger issues and problems to which the District's response is apparently insensitive. I request hereby that an opportunity be afforded to me to appear before the School Board at an early meeting, on the Board's agenda, to present my concerns in public.

Sincerely yours,


Joe P. Josephson
State Senator

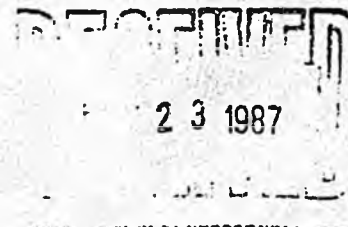
cc: Honorable Grace Schaible, Attorney General
Ms. Tamara Cook, Legislative Counsel
Honorable Jack Coghill, Chair, Senate Natural Resources
Committee
Co-Sponsors, SB 201
Mr. Bill Miles



ANCHORAGE
SCHOOL DISTRICT

4600 DeBarr Avenue
P.O. Box 196614
Anchorage, Alaska 99519-6614
AREA CODE [907] 333-9561

November 20, 1987



SCHOOL BOARD

Martha Roderick
President

William Frick
Vice President

Jim Robinson
Clerk

Past President
1981-82, 1984-85

Bettye Davis
Treasurer
Past President
1985-86

Darryl Jordan
Clerk Pro Tem

Jean Buchanan
Assistant Treasurer
Past President
1983-84, 1986-87

Carol Stolpe
Parliamentarian

SUPERINTENDENT

William Coats, Ph.D.

The Honorable Joe Josephson
Alaska State Legislature
3111 C Street, Suite 550
Anchorage, Alaska 99503

Dear Senator Josephson:

Since our last meeting we have had further discussion with our attorney on language changes that would eliminate the ambiguity that currently exists in AS 36.15.050(a). We believe the following changes would more clearly express the intent when 1987 SLA Chapter 62 was enacted, it places the emphasis on the receipt of funds rather than the use of funds:

Section 36.15.050. USE OF LOCAL AGRICULTURE AND FISHERIES PRODUCTS REQUIRED IN PURCHASES WITH STATE MONEY. (a) When agriculture products are purchased by the State or by a school district or municipality which receives [USING] State money, only agricultural products harvested in the state shall be purchased whenever priced no more than seven percent (7%) above products harvested outside the State, available, and of like quality compared with agricultural products harvested outside the State.

Please let me know if we can be of further help.

Sincerely,

L. T. Freeman
Assistant Superintendent
for Business Management

cl
Enclosure

cc Anchorage Caucus
Anchorage School Board
William Coats, Superintendent
Dennis Barrett, Director, Student Nutrition
Curt Homme, Director, Purchasing/Warehouse



ANCHORAGE SCHOOL DISTRICT

4600 DeBarr Avenue
P.O. Box 196614
Anchorage, Alaska 99519-6614
AREA CODE (907) 333-9561

NOV 23 1987

November 16, 1987

Martha Roderick
President

William Frick
Vice President

Jim Robinson
Clerk

Past President
1981-82, 1984-85

Betty Davis
Treasurer
Past President
1985-88

Darryl Jordan
Clerk Pro Tem

Jean Buchanan
Assistant Treasurer
Past President
1983-84, 1985-87

Carol Stolpe
Parliamentarian

William Coats, Ph.D.

The Honorable Mike Szymanski
Alaska State Legislature
3111 C Street, Suite 510
Anchorage, Alaska 99503

Dear Senator Szymanski:

The District is aware of the legislators' interpretation of the local procurement law. The Anchorage School District is also concerned about procurements, and we believe that Mr. Freeman's letter (enclosed) fairly expresses our position.

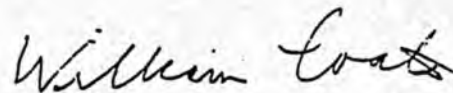
Mr. Freeman has been in contact with the Fairbanks, Mat-Su, Kenai, and Ketchikan School Districts. Kenai has not reviewed this particular law since it does not go out for bid until May. Ketchikan does not have Mat-Maid Milk. Mat-Su and Fairbanks tend to agree with the Anchorage School District's interpretation. Since all involved school districts will be going out for bid in May for milk products, we would suggest that there is time to change the specifications if there is clear direction.

Furthermore, Mr. Freeman has been in contact with Mr. Tom Wagner, Assistant Attorney General, and his verbal interpretation is in agreement with our own counsel, Mr. Peter Partnow. We have asked the Commissioner of Education to have Mr. Wagner put his opinion in writing. Currently, Mr. Partnow is working on language (for an amendment) which would correct the situation, and I will forward this language to you and Senator Josephson once it is completed.

Senator Mike Szmanski
Page 2
November 16, 1987

At the present time, the Anchorage School District feels it does not have sufficient clarification of the existing law. However, we welcome and would work with you in developing legislation that would give us clear direction in this important matter.

Sincerely,



William Coats
Superintendent

cl
Enclosure

cc School Board Members
Anchorage Caucus
L. T. Freeman, Assistant Superintendent, Business
Management

Article 2. Agricultural and Fisheries Products Preference.

Section

50. Use of local agricultural and fisheries products required in purchases with state money

Section

60. Insertion of clause in calls for bids and in contracts

Sec. 36.15.050. Use of local agricultural and fisheries products required in purchases with state money. (a) When agricultural products are purchased using state money, only agricultural products harvested in this state shall be purchased whenever priced no more than seven percent above products harvested outside the state, available, and of like quality compared with agricultural products harvested outside the state.

(b) When fisheries products are purchased using state money, only fisheries products harvested or processed within the jurisdiction of the state shall be purchased whenever priced no more than seven percent above products harvested or processed outside the jurisdiction of the state, available, and of like quality compared with fisheries products harvested or processed outside the jurisdiction of the state.

(c) A solicitation for the purchase of agricultural or fisheries products shall specify the requirement that products harvested in the state shall be used where possible. If state money is used to purchase agricultural or fisheries products harvested outside the state, the officer responsible for the purchase shall certify in writing the reasons that products harvested in the state were not purchased.

(d) If a contractor fails to comply with this section, the purchasing agency shall withhold the state money until the contractor complies. If a municipality or a school district fails to comply with this section, the department responsible for disbursing the state money to the municipality or school district shall withhold the money until the municipality or school district complies.

(e) An interested party, as defined in AS 36.30.699, may seek administrative or judicial review of the award of a contract in violation of this section.

§ 36.15.060

ALASKA STATUTES

§ 36.15.060

(f) Compliance with this section is not required if an exception to this section is mandated for participation in a federal program.

(g) In this section,

(1) "agricultural products" includes, but is not limited to, dairy products, timber and lumber harvested in the state and products manufactured in the state from timber and lumber that has been harvested in the state;

(2) "state money" includes state reimbursement to municipalities and school districts for school or related construction, foundation funding for education, municipal assistance, revenue sharing, and state funds for capital projects. (§ 1 ch 16 SLA 1986; am §§ 1, 2 ch 62 SLA 1987)

Revisor's notes. — Enacted as AS 36.16.020. Renumbered in 1986.

Subsections (c)-(f) were enacted as (d)-(g) and renumbered in 1987. Subsection (g) were formerly (c); renumbered in 1987.

Effect of amendments. — The 1987 amendment in subsection (a) substituted "priced no more than seven percent above products harvested outside the state" for "competitively priced"; in subsection (b) substituted "priced no more than seven

percent above products harvested or processed outside the jurisdiction of the state" for "competitively priced"; in subsection (g) substituted "In" for "As used in" at the beginning of the subsection, designated part of the existing language as paragraph (1) and in paragraph (1) inserted "but is not limited to, dairy products," and added paragraph (2); and added subsections (c)-(f).



Official Business

Alaska State Legislature

Senate

P.O. BOX V
State Capitol
Juneau, Alaska 99811

April 8, 1988

M E M O R A N D U M

TO: Martha Stewart, Aide to House Finance Committee

FROM: Nancy Lord, Aide to Sen. Joe Josephson

RE: SB 356, Product Preference

At a House Finance Committee hearing on this bill, a representative of the Department of Law raised some questions about the way the preference in SB 356 is applied to municipalities and school districts. After further review, the department determined that the Commerce Clause of the U. S. Constitution does not present a problem for the bill. However, the department still recommends that the procurement policy be enacted in the municipal code. The attached work draft incorporates the recommended changes. These are not substantive changes to the Labor and Commerce version, but serve only to make the applicability clear. A summary of the proposed changes follows:

Sec. 1. Adds the procurement preference to the list of limitations on home rule powers.

Sec. 2. Puts the procurement preference directly into the municipal code, so that it appears there as well as in the contracting title.

Sec. 6. Amends the section which currently provides for the purchasing agency to withhold state money for a contractor's failure to comply to withhold payment, regardless of its source. (This same provision is added to the municipal code in section 2.)

Sec. 7. Makes a stylistic clean-up of the definition of "agricultural products."

The effect of the bill remains that the state, a municipality, or a school district must purchase agricultural and fisheries products harvested in the state when they are priced no more than seven percent above products harvested outside the state.

If this explanation is not sufficiently clear, please contact me at 465-4525. We would be pleased if SB 356 could be rescheduled at the earliest possible date.

cc: Rep. Peter Goll

Original sponsors: Josephson, Szymanski,
Rodey, et al.

1 IN THE SENATE

BY THE LABOR AND
COMMERCE COMMITTEE

2

CS FOR SENATE BILL NO. 356 (L&C)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the procurement preference for
7 state agricultural and fisheries products; and
8 providing for an effective date."

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

10 * Section 1. AS 36.15.050(a) is amended to read:

11 (a) When agricultural products are purchased by the state or by
12 a municipality or school district that receives [USING] state money,
13 only agricultural products harvested in this state shall be purchased
14 whenever priced no more than seven percent above products harvested
15 outside the state, available, and of like quality compared with agri-
16 cultural products harvested outside the state.

17 * Sec. 2. AS 36.15.050(b) is amended to read:

18 (b) When fisheries products are purchased by the state or by a
19 municipality or school district that receives [USING] state money,
20 only fisheries products harvested or processed within the jurisdiction
21 of the state shall be purchased whenever priced no more than seven
22 percent above products harvested or processed outside the jurisdiction
23 of the state, available, and of like quality compared with fisheries
24 products harvested or processed outside the jurisdiction of the state.

25 * Sec. 3. AS 36.15.050(c) is amended to read:

26 (c) A solicitation for the purchase of agricultural or fisheries
27 products shall specify the requirement that products harvested in the
28 state shall be used where possible. If the state or a municipality or
29 school district that receives state money purchases [IS USED TO

1 PURCHASE] agricultural or fisheries products harvested outside the
2 state, the officer responsible for the purchase shall certify in
3 writing the reasons that products harvested in the state were not
4 purchased.

5 * Sec. 4. AS 36.15.050(g) is repealed and reenacted to read:

6 (g) In this section,

7 (1) "agricultural products" includes, but is not limited to,
8 dairy products, timber and lumber harvested in the state and products
9 manufactured in the state from timber and lumber that have been har-
10 vested in the state;

11 (2) "school district" includes a regional educational
12 attendance area established under AS 14.08;

13 (3) "state money" includes state reimbursement to municipal-
14 ities and school districts for school or related construction, founda-
15 tion funding for education, municipal assistance, revenue sharing, and
16 state funds for capital projects.

17 * Sec. 5. This Act takes effect immediately under AS 01.10.070(c).

18

1 IN THE SENATE

BY JOSEPHSON, SZYMANSKI, RODEY,
FAIKS, HALFORD, KELLY, KERTTULA,
STURGULEWSKI, FAHRENKAMP, DUNCAN,
JONES, ELIASON AND UEHLING

2

SENATE BILL NO. 356

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the procurement preference for
7 state agricultural and fisheries products."

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

9 * Section 1. AS 36.15.050(a) is amended to read:

10 (a) When agricultural products are purchased by the state or by
11 a municipality or school district that receives [USING] state money,
12 only agricultural products harvested in this state shall be purchased
13 whenever priced no more than seven percent above products harvested
14 outside the state, available, and of like quality compared with agri-
15 cultural products harvested outside the state.

16 * Sec. 2. AS 36.15.050(b) is amended to read:

17 (b) When fisheries products are purchased by the state or by a
18 municipality or school district that receives [USING] state money,
19 only fisheries products harvested or processed within the jurisdiction
20 of the state shall be purchased whenever priced no more than seven
21 percent above products harvested or processed outside the jurisdiction
22 of the state, available, and of like quality compared with fisheries
23 products harvested or processed outside the jurisdiction of the state.

24 * Sec. 3. AS 36.15.050(c) is amended to read:

25 (c) A solicitation for the purchase of agricultural or fisheries
26 products shall specify the requirement that products harvested in the
27 state shall be used where possible. If the state or a municipality or
28 school district that receives state money purchases [IS USED TO PUR-
29 CHASE] agricultural or fisheries products harvested outside the state,

1 the officer responsible for the purchase shall certify in writing the
2 reasons that products harvested in the state were not purchased.

3 * Sec. 4. AS 36.15.050(g) is repealed and reenacted to read:

4 (g) In this section,

5 (1) "agricultural products" includes, but is not limited to,
6 dairy products, timber and lumber harvested in the state and products
7 manufactured in the state from timber and lumber that have been har-
8 vested in the state;

9 (2) "school district" includes a regional educational attendance
10 area established under AS 14.08;

11 (3) "state money" includes state reimbursement to municipalities
12 and school districts for school or related construction, foundation
13 funding for education, municipal assistance, revenue sharing, and
14 state funds for capital projects.

SB

359

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of _____ 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER:

**FISCAL NOTE(S) ATTACHED _____ **
IN ACCORDANCE WITH AS 24.08.035
(see below)

1/20/88 DATE TURNED INTO OFFICE _____
Mr. President:

FINANCE Committee considered SB 359

reorganization of private debt at a Delta Project; efd.

and recommended:

replace with CS _____ same title
 attached amendment(s) and new title

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted and attached

** Committee attached or adopted fiscal note(s)
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Committee Backup Attached

Chairman signature and recommendation

Action reporting

out JB 359

rescinded 3/24/88 p.m.

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of March 10, 1988 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER:

**FISCAL NOTE(S) ATTACHED **
IN ACCORDANCE WITH AS 24.08.035
(see below)

1/20/88 DATE TURNED INTO OFFICE 3/24/88
Mr. President:

Finance Committee considered SB 359

reorganization of private debt at a Delta Project; efd

and recommended:

- replace with "CS _____" same title
- attached amendment(s) and new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____
- letter of intent adopted and attached

** Committee attached or adopted fiscal note(s)
 zero fiscal impact

MEMBERS SIGNING DO PASS
[Signature]

OTHER RECOMMENDATIONS
[Signature] (No Rec)
[Signature] (No Rec)

[Signature] do pass
Chairman signature and recommendation

Committee Backup Attached

Introduced: 1/20/88
Referred: Finance Committee

5-1633A

1 IN THE SENATE

BY COGHILL

2 SENATE BILL NO. 359

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to reorganization of private debt at
7 a Delta Project; and providing for an effective
8 date."

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

10 * Section 1. Sec. 4, ch. 109, SLA 1986 is amended to read:

11 Sec. 4. This Act is repealed July 1, 1990 [1988].

12 * Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

ALASKA STATE LEGISLATURE

15th . . . Legislature 2nd . . . Session

SENATE..BILL..... NO. 359.

ByCOGHILL.....

"An Act relating to reorganiza-
tion of private debt at a
Delta Project; and providing
for an effective date."

Introduced in the Senate . 1/20, 19 88 . . .

HISTORY IN THE SENATE

19 88 Read first time and referred
to Committee on

1 20 Finance
Reported back with
recommendation that

Read second time and

Read third time and

PASSED	Effective Date
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reconsideration
Reconsideration not taken up

PASSED	Effective Date
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reported correctly engrossed
Signed by President
Sent to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19 Read first time and referred
to Committee on

Reported back with
recommendation that

Read second time and

Read third time and

PASSED	Effective Date
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reconsideration
Reconsideration not taken up

PASSED	Effective Date
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

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

Chapter No.

Filed with Lt. Governor

FISCAL NOTE

REQUEST:

Revision Date: 3/18/88
Title: Reorganization of Private Debt
at Delta Project
Sponsor: Senator Coahill
Requestor: Senate Finance

Agency Affected: Natural Resources
BRU: Agriculture Management
Land and Water Management
Components: Agriculture Management
Public Use

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		108.1	108.1			
TRAVEL		5.0	5.0			
CONTRACTUAL						
SUPPLIES		1.0	1.0			
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	114.1	114.1	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		114.1	114.1			
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	114.1	114.1	-0-	-0-	-0-

POSITIONS:

FULL-TIME		3	3			
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

This fiscal note provides funding to process agricultural lands contracts in a timely manner and coordinate contract and loan closing between the Division of Agriculture and the Division of Land & Water Management from SLA 86 Ch 109 (SB 349).

Prepared by: Mark Weaver Dick LeFebvre Phone: 745-7200/762-2692
Division: Agriculture Land and Water Date: 3/18/88

Approved by Commissioner: Tom Hawkins Date: _____
Agency: Natural Resources

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

Attached
to
bill when
Reported
Out.

Fiscal Note

Senate Bill 359

Analysis Continued

Since the original Delta debt bill, SB 349 was enacted, the contract administration unit in the Division of Land and Water Management (DLWM) has suffered a 50% reduction in personnel with no reduction in workload. The ARLF Board and small staff in the Division of Agriculture (DOA) have been attempting to process normal loan applications and, at the same time, process debt restructuring applications from farmers throughout the state.

Delta debt relief work in both divisions is progressing slowly because of the heavy workload staff members face. The additional positions on this fiscal note will allow more timely processing of Delta debt land relinquishments and ARLF loan restructures. Without these positions, work will progress at the current pace.

The funding will be used as follows:

1 Clerk Typist II	- DOA -	Range 7C	27.7
1 Clerk Typist II	- DLWM -	Range 7C	27.7
1 Natural Resource Manager I	- DLWM -	Range 18C	52.7

Travel (to Ag parcels)	5.0
Supplies	1.0

TOTAL	114.1
-------	-------

Position Title Clerk Typist II		No. of Positions 2	Range/Step 7C	Barg. Unit CGU																																			
Time Status PFT	Staff Months 24	Location Anchorage		Election District EBA																																			
<table border="1"> <thead> <tr> <th>Type of Expenditure</th> <th>Amount</th> </tr> <tr> <th>1</th> <th>2</th> <th>3</th> </tr> </thead> <tbody> <tr> <td>Salary</td> <td>39.2</td> <td rowspan="4"></td> </tr> <tr> <td>Benefits</td> <td>16.2</td> </tr> <tr> <td>Premium Pay</td> <td></td> </tr> <tr> <td>Other</td> <td></td> </tr> <tr> <td>Total Personal Services</td> <td></td> <td>55.4</td> </tr> <tr> <td>Travel</td> <td></td> <td></td> </tr> <tr> <td>Contractual</td> <td></td> <td></td> </tr> <tr> <td>Commodities</td> <td></td> <td>0.3</td> </tr> <tr> <td>Equipment</td> <td></td> <td></td> </tr> <tr> <td>Other</td> <td></td> <td></td> </tr> <tr> <td>Total Cost</td> <td></td> <td>55.7</td> </tr> </tbody> </table>		Type of Expenditure	Amount	1	2	3	Salary	39.2		Benefits	16.2	Premium Pay		Other		Total Personal Services		55.4	Travel			Contractual			Commodities		0.3	Equipment			Other			Total Cost		55.7	Justification Two clerical positions are necessary to provide typing support and to maintain file systems for contracts and loan documentation associated with Private Debt Reorganization at Delta authorized under SLA 86, CI 109 and SB 359. Record maintenance is critical, as litigation involving this program is likely. Failure to fund these positions may result in delays in contract and loan negotiations and processing.		
Type of Expenditure	Amount																																						
1	2	3																																					
Salary	39.2																																						
Benefits	16.2																																						
Premium Pay																																							
Other																																							
Total Personal Services		55.4																																					
Travel																																							
Contractual																																							
Commodities		0.3																																					
Equipment																																							
Other																																							
Total Cost		55.7																																					
<table border="1"> <thead> <tr> <th colspan="2">Funding Source for Total Cost</th> </tr> </thead> <tbody> <tr> <td>Federal Receipts</td> <td>1002</td> </tr> <tr> <td>G. F. Match</td> <td>1003</td> </tr> <tr> <td>General Fund</td> <td>1004</td> </tr> <tr> <td>GF Program Receipts</td> <td>1005</td> </tr> <tr> <td>Other I-A Receipts</td> <td>1007</td> </tr> <tr> <td></td> <td>55.7</td> </tr> </tbody> </table>		Funding Source for Total Cost		Federal Receipts	1002	G. F. Match	1003	General Fund	1004	GF Program Receipts	1005	Other I-A Receipts	1007		55.7																								
Funding Source for Total Cost																																							
Federal Receipts	1002																																						
G. F. Match	1003																																						
General Fund	1004																																						
GF Program Receipts	1005																																						
Other I-A Receipts	1007																																						
	55.7																																						

**Request For
New Position**

Agency Natural Resources
BRU Land and Water Management
Component Public Use

Page 3 of 4
Revised Date

FY 89

Position Title NATURAL RESOURCE MANAGER 1			Nr. of Positions 1	Range/Step 18 C	Barg. Unit GGU
Time Status PFT	Staff Months 12.0		Location Anchorage		Election District EBA
Type of Expenditure			Amount		
1			2		3
Salary			40.0		
Benefits			12.7		
Premium Pay					
Other					
Total Personal Services			52.7		
Travel			5.0		
Contractual					
Commodities			0.7		
Equipment					
Other					
Total Cost			58.4		
Funding Source for Total Cost					
Federal Receipts 1002					
G. F. Match 1003					
General Fund 1004					
GF Program Receipts 1005					
Other I-A Receipts 1007			58.4		
Justification					
<p>This position, administered jointly by Division of Agriculture and the Division of Land and Water Management, will prepare agricultural contracts and subsequent amendments, complete contract assignments, payment moratorium requests, address defaults, foreclosures, and other contract maintenance functions associated with reorganization of Private Debt at Delta authorized under SLA 86 CI 109 and SB 359. This position will also coordinate, meet, and negotiate with the Division of Agriculture, ARLF, and the Ag contract purchaser to resolve conflicts to the best interest of the State and in accordance with developed policies and procedures.</p> <p>Failure to fund this position may result in delays in land contract and loan negotiations and processing.</p>					

**Request For
New Position**

Agency Natural Resources
 BRU Land and Water Management
 Component Public Use

Page 4 of 4
 Revised Date

FY 89

1/20/88

Contacted DNR
(Nico Bus) this
date. Requested
that he expedite
fiscal note.

3/11/88

Called again, KK
Joe Burch
said he would provide FN.

2:00pm

FISCAL NOTE

REQUEST:

Revision Date: 1/27/88
Title: Reorganization of Private Debt
at Delta Project
Sponsor: Coghill
Requestor: Senate Finance Committee

Agency Affected: Natural Resources
BRU: Agriculture Management/
and Land & Water Management
Components: Agriculture Management/
and Public Use

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL		114.1	114.1			
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	114.1	114.1	-0-	-0-	-0-

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND		114.1	114.1			
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME		3	3			
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

This fiscal note provides funding to process agricultural land contracts in a timely manner and coordinate contract and loan closing between the Division of Agriculture and the Division of Land & Water Management from SLA 86 Ch 109 (SB 349).

Prepared by: Mark Weaver, Dick LeFebvre Phone: 465-2400
Division: Agriculture Date: 1/22/88

Approved by Commissioner: [Signature] Date: _____
Agency: Natural Resources

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

Fiscal Note

Senate Bill 359

Analysis Continued

Since the original Delta debt bill, SB 349 was enacted, the contract administration unit in the Division of Land and Water Management (DLWM) has suffered a 50% reduction in personnel with no reduction in workload. The ARLF Board and small staff in the Division of Agriculture (DOA) have been attempting to process normal loan applications and, at the same time, process debt restructuring applications from farmers throughout the state.

Delta debt relief work in both divisions is progressing slowly because of the heavy workload staff members face. The additional positions on this fiscal note will allow more timely processing of Delta debt land relinquishments and ARLF loan restructures. Without these positions, work will progress at the current pace.

The funding will be used as follows:

The 114.1 in contractual for FY 89, FY 90 will be used by the DOA to fund one position in DOA and, through an KSA, fund two positions in the DLWM, as well as for necessary travel expenses and supplies.

1	Clerk Typist II	- DOA -	Range 7C	27.7
1	Clerk Typist II	- DLWM -	Range 7C	27.7
1	Natural Resource Manager I	- DLWM -	Range 18C	52.7

Travel (to Ag parcels)	5.0
Supplies	1.0

TOTAL	114.1
-------	-------

Position Title Clerk Typist II		No. of Positions 2	Range/Step 7C	Barg. Unit GGIJ
Time Status PFT	Staff Months 24	Location Anchorage		Election District EBA
Type of Expenditure		Amount		
1	2	3		
Salary	39.2			
Benefits	16.2			
Premium Pay				
Other				
Total Personal Services		55.4		
Travel				
Contractual				
Commodities		0.3		
Equipment				
Other				
Total Cost		55.7		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004			
GF Program Receipts	1005			
Other I-A Receipts	1007	55.7		
Justification				
<p>Two clerical positions are necessary to provide typing support and to maintain file systems for contracts and loan documentation associated with Private Debt Reorganization at Delta authorized under SLA 86, CH 109 and SB 359. Record maintenance is critical, as litigation involving this program is likely.</p> <p>Failure to fund these positions may result in delays in contract and loan negotiations and processing.</p>				

**Request For
New Position**

Agency Natural Resources
 BRU Land and Water Management
 Component Public Use

Page 3 of 4
 Revised Date

FY 89

Position Title NATURAL RESOURCE MANAGER I			No. of Positions 1	Range/Step 18 C	Barg. Unit GGU
Time Status PFT	Staff Months 12.0		Location Anchorage		Election District EBA
			Justification		
Type of Expenditure			Amount		
1			2		3
Salary			40.0		
Benefits			12.7		
Premium Pay					
Other					
Total Personal Services			52.7		
Travel			5.0		
Contractual					
Commodities			0.7		
Equipment					
Other					
Total Cost			58.4		
Funding Source for Total Cost					
Federal Receipts 1002					
G. F. Match 1003					
General Fund 1004					
GF Program Receipts 1005					
Other I-A Receipts 1007			58.4		
<p>This position, administered jointly by Division of Agriculture and the Division of Land and Water Management, will prepare agricultural contracts and subsequent amendments, complete contract assignments, payment moratorium requests, address defaults, foreclosures, and other contract maintenance functions associated with reorganization of Private Debt at Delta authorized under SLA 86 CH 109 and SB 359. This position will also coordinate, meet, and negotiate with the Division of Agriculture, ARLF, and the Ag contract purchaser to resolve conflicts to the best interest of the State and in accordance with developed policies and procedures.</p> <p>Failure to fund this position may result in delays in land contract and loan negotiations and processing.</p>					

**Request For
New Position**

Agency Natural Resources
 BRU Land and Water Management
 Component Public Use

Page 4 of 4
 Revised Date

FY 89

Senator John B. (Jack) Coghill
Alaska State Legislature



Box V
Juneau, Alaska 99811
(907) 465-4797

Box 55028
North Pole, Alaska 99705
(907) 488-0862

M E M O R A N D U M

To: Members of the Senate Finance Committee
From: Senator John B. Coghill
Re: SB 359, Extending the Delta Reorganization Bill
Date: March 16, 1988

In 1986 a bill allowing the commissioner of natural resources to reorganize debt at Delta I and Delta II passed the legislature. This bill was SB 349. This bill had two hearings in Senate Finance and a special teleconference to gather intent statements so this bill would pass the test of constitutionality.

Now two years later the Division of Agriculture is just beginning to address the section which allows the commissioner, in consultation with the Agriculture Revolving Loan Board, to renegotiate terms for chattel or farm improvement loans. The department could administratively take actions similar to those taken by bankruptcy courts to assist farmers reorganize their debts. The Division of Agriculture has been implementing a restructuring of debt program, but I have concerns that this program does not meet the goals of SB 349.

I ask the committee to extend SB 349 for two more years as a form of protection against arbitrary inaction by the Division of Agriculture. So far I have been less than overwhelmed by the Division's ability to implement law.

MEMORANDUM

State of Alaska

DEPARTMENT OF NATURAL RESOURCES - DIVISION OF AGRICULTURE

TO:

Judith M. Brady
Commissioner

DATE:

February 25, 1987

FILE NO:

TELEPHONE NO:

FROM:

SUBJECT:

02 343,249,000,000

FROM:

Mark A. Heaver
Director



This memorandum outlines the guidance provided to the Agricultural Lending Agency in deciding whether to refer a loan to the Department to "restructure" under ARS 349.001, as amended, imposed by 1986 ch. 109 (S.B. 109).

By law, this Authority can be used to provide financial assistance to minimize financial losses to the state.

Parliamentary Observations

Regulation of 36.100, the ARS Board, is authorized to make loans to the state. The ARS Board is authorized to make loans to the state for the purpose of restructuring of ARS loans, and for implementing these guidelines, as set forth in the written plan of ARS.

If a decision is made by the ARS Board of restructuring pursuant to ARS 349.001, implicit therein, by the Board, that the loan is to the extent of being under ARS 349.001, and that restructuring is likely to be considered a "strategic" use of the ARS fund under the provisions of ARS 349.001.

It follows that if the Department were to offer more liberal terms to such a borrower, it would violate the requirement that restructuring be necessary to minimize financial loss. This applies to borrowers who are found by the Board to be restructuring because they are not "financially distressed" in the meaning of the guidelines.

Thus, unless the Department were to conclude that the ARS Board in such cases is mistaken, the option to restructure pursuant to SB 349 is likely to be of no consequence. A possible exception would occur if there is a financial loss to the state other than ARS loans. In such an event, further guidance

Commissioner Study
February 22, 1949

will be required to determine if reorganization is appropriate. Further analysis also will be required under circumstances where the borrower is in genuine financial trouble and the Board declines to either restructure or reorganize the borrower's business.

It should be noted that relinquishment of land, stock, etc. in favor of Bank and Water pursuant to the Act has included the participation of many project participants. Additionally, the Federal Government's National Resources Program (NRP) has given many participants a right of first refusal, a predictable source of income that was not calculable at the time the Act was being adopted. As a result, it is not necessary to have financial analysis required by the Act, although some reorganization and renegotiation of farm loans may occur only after financial data is complete and the impact of various factors on the borrower's business has been projected with reasonable accuracy.

Procedure

The procedural steps being analyzed by the Board are:

- 1) Will borrowers who have obtained loans under the Act be able to pay their loans project participants may request reorganization, etc. (This is a question of fact to be determined by the Board.)
- 2) Eligible borrowers who are unable to pay their loans should be able to obtain reorganization or renegotiation of their loans.
- 3) The Board should be able to determine the financial condition of a borrower at a regular interval (e.g., quarterly) and should be able to determine:
 - a) history of borrower's business
 - b) analysis of borrower's financial condition
 - c) analysis of borrower's farm
 - d) borrower's ability to pay loans and whether reorganization or renegotiation is necessary
 - e) determination of whether reorganization or renegotiation is necessary
- 4) The Board should be able to determine the financial condition of a borrower at a regular interval and should be able to determine:
 - a) history of borrower's business
 - b) analysis of borrower's financial condition
 - c) analysis of borrower's farm
 - d) borrower's ability to pay loans and whether reorganization or renegotiation is necessary
 - e) determination of whether reorganization or renegotiation is necessary
- 5) Regardless of whether reorganization or renegotiation is necessary, the Board should be able to determine whether reorganization or renegotiation is necessary and should be able to determine:
 - a) history of borrower's business
 - b) analysis of borrower's financial condition
 - c) analysis of borrower's farm
 - d) borrower's ability to pay loans and whether reorganization or renegotiation is necessary
 - e) determination of whether reorganization or renegotiation is necessary

Page 3
Complaints Study
February 22, 1955

- 6) The Board's findings and recommendations, as stated by staff and are verified by the findings in the reports with respect to whether a complaint is or is not a complaint and, if so, whether the facts are as stated. The Board's preliminary findings are forwarded by the Director to the affected party and the Director for his signature. If there is a factual discrepancy.
- 7) After presentation, if any, the findings and recommendations of the Board are reviewed by the Director. If the Director is satisfied and adopted unless they appear to be clearly and obviously capricious, or the same of the nature of the findings of the Board. In such an event, the Director shall forward the findings to the affected party.
- 8) The findings and recommendations of the Board shall be a final order, subject to appeal, and shall be subject to appeal by the affected party.

cc: The Honorable ...
Hal Head
Director

AN ACT

Relating to the reorganization of private debt at a
Delta Project.

* Section 1. LEGISLATIVE FINDINGS. The legislature finds that the large grain farms that were developed on state agricultural land in the Delta Projects are subject to a personal debt load that is unmanageable because of a coincidence of unique and unforeseen circumstances:

- (1) the unforeseen difficulties with the limited growing seasons including the extremely short period in which the crops may be planted;
- (2) conflicts with the herds of bison located in the area;
- (3) the inadequate agricultural infrastructure in the area of the Delta Projects and in the state;
- (4) the depressed grain prices nationwide;
- (5) the unexpected problems with economic farm size.

* Sec. 2. (a) The commissioner of natural resources shall, at the request of an individual who holds agricultural rights to land purchased from the state in a Delta Project,

- (1) accept the relinquishment of agricultural land purchased from the state in a Delta Project and credit the percentage of the debt owed to the state on land purchased and land clearing loans that equals the percentage of land relinquished under this section, either by acreage or by value, as determined by the commissioner;

- (2) enter into an agreement with the individual for the lease for agricultural purposes only of a portion of or all of the land



Chapter 109

1 relinquished for a term of 20 years at the full fair market value of the
2 land; a survey under this paragraph, if required, shall be at the expense
3 of the individual.

4 (b) If an individual who has relinquished land under this section
5 applies before July 1, 1987 for a lease on all or part of the land relin-
6 quished, the lease shall provide the lessee an option to purchase the land
7 leased under (a)(2) of this section at full fair market value at the time
8 of purchase without reduction to reflect the remaining lease term.

9 (c) The commissioner of natural resources in consultation with the
10 Agricultural Revolving Loan Board may renegotiate with the individual loans
11 for chattels or farm improvements located on the agricultural land in a
12 Delta Project if the commissioner determines that renegotiation is neces-
13 sary to minimize financial losses to the state and that it is in the best
14 interest of the state.

15 * Sec. 3. The provisions of this Act are not available to an individual
16 participating in a federal farm program that provides monetary or other
17 incentives for keeping agricultural land in a Delta Project out of produc-
18 tion.

19 * Sec. 4. This Act is repealed July 1, 1988.
20
21
22
23
24
25
26
27
28
29

Source

SCS CSHB 1

Allowing a
effective

BE IT ENACT

Approved
Actual Ef

Senator John B. (Jack) Coghill
Alaska State Legislature

Box V
Juneau, Alaska 99811
(907) 465-4797

Box 55028
North Pole, Alaska 99705
(907) 488-0862



M E M O R A N D U M

TO: Sheryl Frasca
Senate Finance Committee

FROM: Elizabeth Ziegler
Senator Coghill's office

RE: Background on SB 359

DATE: February 2, 1988

Senator Coghill would like SB 359 to be scheduled soon. As I mentioned on the phone, the Division of Agriculture has been less than helpful in its implementation of SB 349, the original bill passed in 1986.

The Senator's goal was to create a financial plan which would give the farmer's on the Delta projects an option to bankruptcy. Most of the farmers in the area are seriously and outrageously in debt. Because the big ag project scenario never materialized, Delta farmers were left with equipment loans and land payments they could not service because of lack of production.

Sen. Coghill felt that the state was just as much at fault for luring the farmers into the pipedream, as the farmers were for buying it.

SB 349 would have allowed farmers to relinquish part of their land and lease it back at lower cost with the resultant effect of lowering their land payments. This aspect has gone well since the Division of Land and Water Management is in charge on the program.

The other section of 349 would allow the commissioner in consultation with the Agricultural Revolving Loan Board to renegotiate loans on chattel and farm improvements if the commissioner determines that renegotiation is needed to minimize financial losses to the state and that it is in the best interest of the state. This section has been ignored by the Department.

Our office has been trying to get a position from the Division of Ag or the commissioner's office since last spring. The Senator met with Commissioner Brady in August to arrange a meeting with the Delta farmers. The Commissioner bowed out and the meeting never took place. We have called repeatedly on a position paper and we have been told that something will come out, but it never has.

Our understanding is that a mid-level division person has designed a debt restructuring program and the commissioner would like to implement this statewide. From our analysis of the restructuring program, it does not look like this is a better alternative to bankruptcy than SB 349. Of course we do not know for sure because the Department has never responded to our inquiries on a comparison between restructuring and reorganization under SB 349.

It is the commissioner's position that the Delta farmers should not be given any more special breaks. We argue that the state would be in a better position under 349 reorganization, since the farmers in Delta believe bankruptcy is better than the Division's restructuring program. Of course, none of us are sure because the Department has never run an analysis on the differences between the programs. (At least they never admit that they have.)

So this brings up to SB 359. We would like the program extended so we can continue to demand an analysis of the programs. We believe the division middle management is looking forward to the expiration of the program and has intentionally been dragging its feet.

The Senator would like the various players in this saga to explain why this bill has not been implemented and do so before the Senate Finance Committee.

Those involved include: Comm. Brady, Mark Weaver, Director of the Div. of Agriculture, Hal Ward, Loan Manager and a member of the Agricultural Revolving Loan Board.

MEMORANDUM

State of Alaska

Honorable Judy Brady
Commissioner
Department of Natural Resources

TO: DATE: 663-87-0199
FILE NO: 465-3600
TELEPHONE NO.
SUBJECT: Reorganization of private debt at Delta ag. projects

THRU: Ronald W. Lorensen
Acting Attorney General

By: G. Thomas Koester *GTK*
Assistant Attorney General
Department of Law

FROM:

Prior to your appointment, we were asked our opinion regarding the provisions of ch. 109, SLA 1986, an Act relating to the reorganization of private debt incurred as a result of agricultural development near Delta. As a general matter, the Act was intended to reduce the adverse impact of large debt and debt service loads on the state's fledgling agriculture industry in the Delta area.

① The first question is whether only individuals who participated in the Delta I and Delta II state agricultural disposals can avail themselves of the benefits of the Act, or whether those benefits also are available for other, smaller farm disposals which preceded the Delta I and II actions (specifically including Tanana Loop and Four-Mile Hill). We believe the specific extension of the benefits to "an individual who holds agricultural rights to land purchased from the state in a Delta Project," coupled with other references to "Delta Projects" and "large grain farms that were developed on state agricultural land in the Delta Projects," requires that the benefits of this bill be limited to those individuals who participated in the Delta I and II disposals. This comports with the general understanding of the legislative committees that held extensive hearings on this bill.

Section 2(c) provides:

The commissioner of natural resources in consultation with the Agricultural Revolving Loan Board may renegotiate with the individual loans for chattels or farm improvements located on the agricultural land in a Delta Project if the commissioner determines that renegotiation is necessary to minimize financial losses to the state and that it is in the best interest of the state.

The first question under this provision is whether the reference to "chattels or farm improvements" limits the commissioner's

Honorable Judy Brady
Commissioner, DNR
Our File No. 663-87-0199

January 22, 1987
Page 2

2 } authority to those two loan categories, excluding other kinds of loans (e.g., operating, irrigating, product processing, and clearing). We believe that the authorization is limited to loans for "chattels or farm improvements." However, that does not end the inquiry, because the legislature did not define the scope of loans falling within those two categories. Loans for operating expenditures and product processing almost certainly do not fall within those two categories. However, it is conceivable that the legislature, in using the term "farm improvements," intended that term to include loans made for irrigation systems and for clearing. Our understanding of the legislative history of the bill is that the legislature did intend to include at least clearing loans in the authorization. The department, therefore, could, preferably by regulation, define the phrase "loans for chattels or farm improvements" to include irrigation and clearing loans if, in the department's view, that was the legislature's intent.

3 } Another question under sec. 2(c) is whether the authority to "renegotiate" these loans includes the authority to write-down the principal and interest on loans or, alternatively, only to change the terms and conditions of repayment without authority to decrease the total amount due. In our view, the legislative history of the section makes clear that the legislature intended to grant the authority to write-down principal and interest as well as authority to renegotiate the terms of repayment. In a February 19, 1986, memorandum to the Senate Finance Committee, Senator Coghill (a co-sponsor of SB 349, the bill which became ch. 109) the bill would have the following effect: "The notes on chattels and farm development could be written down to a level that the farmer could service and would insure [sic] that the state will come out in a better position than it would have if the loans wouldn't have been rewritten." At an April 25, 1986, meeting of the House Resources Committee, Frank Mielke of the department stated:

[Section 2(c)] allows for writing down the debt. In section 2 as far as writing down the debt that is something we have the authority to do under federal bankruptcy law when we are in federal bankruptcy court and this would allow us to do the same outside of bankruptcy.

House Resources Committee Tape #108, Side One, Meter No. 237. Accordingly, we believe this gives the commissioner, in consultation with the Agricultural Revolving Loan Board, discretionary authority to write down both principal and interest "if the commissioner determines that [such a write-down] is necessary to minimize financial losses to the state and that it is in the best

interest of the state" to do so. This finding would be necessary to satisfy the public purpose requirement in article IX, section 6, of the Alaska Constitution.

(4) Section 3 provides: "The provisions of this Act are not available to an individual participating in a federal farm program that provides monetary or other incentives for keeping agricultural land in a Delta Project out of production." Some disagreement has arisen as to which farm programs disqualify an individual from taking advantage of the provisions of the Act. This requires the department to determine (again, preferably by regulation) which farm programs actually provide monetary or other incentives for keeping agricultural land "out of production." In our view, the intent of the legislature was to continue the policy of encouraging agricultural development in Alaska by reducing the onerous debt load but, at the same time, preventing a situation from developing in which an individual could reduce his debt load but continue to receive federal benefits from inaction with respect to agricultural development. The legislature was unclear as to precisely which federal programs provided such incentives; as a result, it left the language general. It is now up to the department to make the necessary determinations on a program-by-program basis. For example, if a federal program provides monetary or other incentives for keeping land out of production over a substantial period of time to enable the land to return to its natural condition, the individual participating in that program would not be eligible for benefits under the Act. However, if the federal government provides monetary or other incentives for a specific cycle of crop rotation that might include a period during which the land would lie fallow for soil regeneration purposes, an individual participating in that program might not be disqualified from receiving benefits under the Act because the land would not be taken "out of production"; instead, the incentive would be directed at both keeping the land in production and increasing that production through soil enhancement.

(5) Finally, we were asked to address the interplay between chapter 109 and the department's Decision Memo 91. It is axiomatic that the provisions of law govern administrative decision-making. Therefore, to the extent chapter 109 and Decision Memo 91 are inconsistent, the provisions of the Act control.

Honorable Judy Brady
Commissioner, DNR
Our File No. 663-87-0199

January 22, 1987
Page 4

We hope this answers your questions. If we can be of further assistance, please contact us at your convenience.

GTK/dlm

cc: Honorable John B. (Jack) Coghill
Alaska State Senate

Honorable Jalmar M. Kerdtula
Alaska State Senate

Honorable Jim Barnett
Deputy Commissioner
Department of Natural Resources

Bill Heim, Director
Division of Agriculture
Dept. of Natural Resources

John Messenger, Chairman
Agricultural Revolving Loan Fund

Hal Ward, Manager
Agricultural Revolving Loan Fund

Tom Hawkins, Director
Division of Land & Water Management
Dept. of Natural Resources

Frank Mielke
Division of Land & Water Management
Dept. of Natural Resources

Rick Thompson
Contract Administration
Division of Land & Water Management
Dept. of Natural Resources

Carol Wilson
Office of the Commissioner
Dept. of Natural Resources

Mr. Mike Schultz
P.O. Box 1284
Delta Junction, AK 99737

DELTA DEBT RELIEF

<u>Parcel/Owner</u>	<u>Debt Land/Clearing</u>	<u>Status</u>
A-Walsky	\$111,794/300,976	Applied/development default; attempting to cure
B-Rule	\$122,007/399,714	Repurchased opted for, eligible to repurchase @ \$92,439
C-Bannon	\$163,667/422,183	Applied; has not selected options
D-Giese	\$104,000/335,845	Applied; has opted to repurchase for \$89,315
E-Wright	\$175,159/219,916	Did not apply; development default; Bankruptcy
F-Green	\$128,093/590,971	Repurchased for \$107,039 - DONE
G-Olson	\$142,244/407,983	Applied/development default; attempting to cure
H-Engellant	\$159,778/412,153	Applied, has not selected option
I-Karr	\$144,177/436,089	Repurchased for \$108,388
J-Emery	\$131,756/517,963	Applied; has not selected option
K-Kelley	\$144,363/452,354	Applied/development default/has appealed
L-Fett	\$160,954/446,599	Applied/Eligibility uncertain
M-Mitchell	\$168,253/535,530	Applied; has not selected option
N-Brehmer	\$103,867/370,910	Applied; Contract amendment sent repurchase @ \$97,765
O-Hollembaek/ Buck	\$139,552/429,703	Applied; have not selected option
P-Carlyle, Inc.	\$135,674/390,150	Repurchased for \$97,348.83 - DONE
Q-Strong	\$132,535/363,773	Repurchased for \$101,500.11 - DONE
R-Helken	\$128,487/406,710	Applied; has not selected option
S-Green	\$177,425/574,828	Applied; has not selected option
T-Rutt	\$144,629/389,883	Applied; has not selected option
U-Dodson	\$142,434/346,138	Applied; has not selected option
V-Nelson	\$117,871/246,858	Repurchased for \$72,871 - DONE
I-Magee	\$252,000/198,128	Relinquished in total

22
*

DNR
3/24/88

2-Brown	\$226,000/142,610	Applied/Development default, foreclosure initiated
3-Magee	\$234,000/280,958	Relinquished in total
4-Trowbridge	\$266,000/245,649	Applied; has not selected option
5-Schultz	\$300,000/309,860	Repurchased for \$88,015 - DONE
6-Nelson	\$287,000/294,295	Repurchased for \$74,248 - DONE
7-Holcomb	\$216,000/162,635	Has selected option to repurchase for \$31,280
8-Cho	\$394,000/70,182	Relinquished in total
9-Kim	\$388,000/51,116	Relinquished in total
10-Cho	\$390,000/132,860	Relinquished in total
11-Kraus	\$273,000/222,162	Applied, documents being prepared, repurchase for \$61,543
12-Orcutt	\$415,000/312.161	Applied, ineligible - Bankruptcy
13-Kraus	\$286,000/268,272	Documents being prepared to repurchase for \$82,214
14-Rouse	\$213,000/32,460	Has not applied; ineligible development, foreclosure
15-Green	\$268,000/158,031	Relinquished in total
P-Nelson	\$43,691/89,820	Repurchased for \$15,780 - DONE