

ALASKA LEGISLATURE COMMITTEE BILL FILES - 1987 - 1988 8879

SB 482 cont thru SB 484 156

3/10/88

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SB 482
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Econ. Dev.
Title: Regarding farming of aquatic plants and animals: prohibiting farming/finfish/saltwater, e.d. BRU: Division of Business Development
Sponsor: Senator Eliason Components: _____
Requester: 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-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Larry Mercurieff, Director Phone: 465-2017
Division: Division of Business Development Date: March 9, 1988
Approved by Commissioner: J. Anthony Smith, Commissioner Date: March 9, 1988
Agency: Department of Commerce and Economic Development

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

1084D/030988a

RECEIVED
MAR 10 1988

LEGISLATIVE FINANCE

482

FISCAL NOTE

REQUEST: _____

Revision Date: _____

Title: Aquatic Farming

Sponsor: Resource Committee

Requestor: Senator Eliason

Agency Affected: Natural Resources

BRU: Land and Water Management

Parks and Outdoor Recreation

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	-	144.0	270.0	385.0	385.0	429.0
TRAVEL	-	8.0	10.0	12.0	12.0	13.0
CONTRACTUAL	-	8.0	10.0	12.0	12.0	13.0
SUPPLIES	-	1.0	2.0	3.0	3.0	4.0
EQUIPMENT	-	-	-	-	-	-
LAND & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	161.0	292.0	412.0	412.0	459.0

CAPITAL	-	-	-	-	-	-
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REVENUE	-	45.0	110.0	165.0	185.0	175.0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-	161.0	292.0	412.0	412.0	459.0
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	161.0	292.0	412.0	412.0	459.0

POSITIONS:

FULL-TIME	-	2	3	6	6	7
PART-TIME	-	2	5	4	4	4
TEMPORARY	-	-	-	-	-	-

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Paula Burgess

Division: Land and Water Management

Phone: 465-3400

Date: 3/7/88

Approved by Commissioner: [Signature]

Agency: Natural Resources

Date: 3/9/88

Distribution (by preparer):

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

RECEIVED
MAR 11 1988

Position Title		Natural Resource Officer II		No. of Positions	1	Range/Step	16	Barg. Unit	GGU
Time Status	Staff Months			Location		Election District			
Fulltime	12			Juneau					
				Justification					
Type of Expenditure				Amount					
1		2		3					
Salary		33.0							
Benefits		11.0							
Premium Pay									
Other									
Total Personal Services				44.0					
Travel				2.0					
Contractual				2.0					
Commodities				1.0					
Equipment									
Other									
Total Cost				49.0					
Funding Source for Total Cost									
Federal Receipts		1002							
G. F. Match		1003							
General Fund		1004		49.0					
GF Program Receipts		1005							
Other									
<p>The adjudicator would process all permit and lease applications that were received by the Southeast Regional Office in Juneau. We estimate some 25 to 30 applications may be received the first year. In order to complete site inspections and compliance reports, monies are included under Travel and Contractual. This source of funds would also be used to hold the public hearing. The Southeast Regional Office is responsible for the entire panhandle.</p>									

**Request For
New Position**

Agency Natural Resources
 BRU Land and Water Management
 Component Land and Water Public Use

Page 2 of 8
 Revised Date

FY 89

Position Title		Natural Resource Officer II		No. of Positions	1	Range/Step	16	Barg. Unit	GGU
Time Status	Staff Months			Location	Anchorage		Election District		
Fulltime	12			Justification					
Type of Expenditure		Amount		<p>The adjudicator would process all permit and lease applications that were received by the Southcentral Regional Office in Anchorage. We estimate some 25 to 30 applications may be received the first year. In order to complete site inspections and compliance reports, monies are included under Travel and Contractual. This Regional Office includes all of Prince William Sound, the Kodiak Island area, and the Aleutian Chain. Applications might be expected in any of these areas. This individual and this source of funds would also be used to hold public hearings.</p>					
1	2	3							
Salary	33.0								
Benefits	11.0								
Premium Pay									
Other									
Total Personal Services		44.0							
Travel		2.0							
Contractual		2.0							
Commodities		1.0							
Equipment									
Other									
Total Cost		49.0							
Funding Source for Total Cost									
Federal Receipts	1002								
G. F. Match	1003								
General Fund	1004	49.0							
GF Program Receipts	1005								
Other									

**Request For
New Position**

Agency Natural Resources
 BRU Land and Water Management
 Component Land and Water Public Use

Page 3 of 8
 Revised Date 3/8/88

FY 89

Position Title Appraiser		No. of Positions 1	Range/Step 18	Barg. Unit GGU
Time Status Halftime	Staff Months 6	Location Juneau		Election District
Justification				
SB 482 requires appraisal of all sites to be permitted (leases already require appraisal). State certified appraisers are, at a minimum, Range 18 employees. All application sites would require site inspection as well as inspection of comparables in order to complete the appraisal report. This half-time individual in the Southeast Regional Office would complete all appraisals for the 25 to 30 estimated applications that are expected.				
Type of Expenditure		Amount		
1	2	3		
Salary	20.0			
Benefits	8.0			
Premium Pay				
Other				
Total Personal Services		28.0		
Travel		2.0		
Contractual		2.0		
Commodities				
Equipment				
Other				
Total Cost		32.0		
Funding Source for Total Cost				
Federal Receipts 1002				
G. F. Match 1003				
General Fund 1004		32.0		
GF Program Receipts 1005				
Other				

**Request For
New Position**

Agency Natural Resources
 BRU Land and Water Management
 Component Land and Water Public Use

Page 4 of 8
 Revised Date 3/8/88

FY 89

Position Title		Appraiser		No. of Positions	1	Range/Step	18	Barg. Unit	GGU
Time Status	Staff Months		Location		Election District				
Halftime	6		Anchorage						
Justification									
SB 482 requires appraisal of all sites to be permitted (leases already require appraisal). State certified appraisers are, at a minimum, Range 18 employees. All application sites would require site inspection as well as inspection of comparables in order to complete the appraisal report for issuance of a permit. This half-time individual in the South-central Regional Office would complete all appraisals for the 25 to 30 estimated applications that are expected in that region.									
Type of Expenditure			Amount						
1			2		3				
Salary			20.0						
Benefits			8.0						
Premium Pay									
Other									
Total Personal Services					28.0				
Travel					2.0				
Contractual					2.0				
Commodities									
Equipment									
Other									
Total Cost					32.0				
Funding Source for Total Cost									
Federal Receipts 1002									
G. F. Match 1003									
General Fund 1004					3.0				
GF Program Receipts 1005									
Other									

**Request For
New Position**

Agency Natural Resources
 BRU Land and Water Management
 Component Land and Water Public Use

Page 5 of 6
 Revised Date 3/8/88

FY 89

ANALYSIS
SB 482

The fiscal note for SB 482 is based on an estimate of the number of new applications for tideland leases and permits that we might expect to receive over the next five years. All state agencies have used the same base estimates for their fiscal notes. SB 482 does not allow farming of finfish, so we assume zero finfish applications. The estimates are an extrapolation of existing trends in shellfish applications, assuming continued progress in those industries, an assumption that progress will be made in the farming of scallops, and that some experimentation may begin in the farming of sea vegetables. The total number of new applications of all types we estimate to be:

1989	1990	1991	1992	1993
50	75	100	75	75

In addition to the processing of new applications, we must budget for monitoring the permits and leases that are granted. For this purpose, we are assuming an approximate 25 percent success rate of the new applications after the first two years. (For the first two years we assume that all of the applications require some form of monitoring.) Under these assumptions, we would expect to see some 55 "successful" mariculture farms at the end of five years. ("Success" is defined here as a farm that is actually growing something in the water. No assumption is made about marketing of the product.)

In order to process and monitor the permits and leases, the Division of Land and Water Management (DLWM) will need one adjudicator in the Southeast Region, and one adjudicator in the Southcentral Region in the first year. In the second year, DLWM will need one additional adjudicator to be located where the need is the greatest (depending upon which region receives most of the new applications). By the third year DLWM will need two adjudicators in each of the two regions. By the fifth year DLWM will need one additional adjudicator, again to be located where the need is the greatest. (For the purpose of preparing the fiscal note, one of the additional positions is assumed to be in the Southeast Region, and one in the Southcentral Region.)

SB 482 requires appraisal of all permit and lease sites (in order to charge fair market value for the sites), and a reappraisal of all sites every five years. In order to complete the appraisals, DLWM will need a half-time appraiser in each of the two regional offices in the first year. By 1991 DLWM will need a full-time appraiser for each office.

By the second year DLWM will need one half-time contract administrator to handle the accumulation of two years of lease contracts, and one half-time surveyor in each region to review survey plats. We do not anticipate the need for contract administrators and surveyors to increase beyond these levels during the five year period covered by the fiscal note.

In order to avoid land speculation, it would be desirable to inspect permit and lease sites once a year. Some inspections can be combined with other field investigations or with the appraisers' site visit, and some may be performed under cooperative agreements with other agencies. SB 482 also states that the Commissioner may hold a public hearing to take oral testimony. Given the controversial nature of many mariculture proposals, we can expect frequent requests for public hearings in nearby communities. A lean inspection program, plus the holding of public hearings, will cost the department \$8,000 for each adjudicator the first year (travel, contractual, and per diem). Each half-time appraiser will require an additional \$8,000 the first year to determine fair market value of the sites. (The cost of the appraiser could be reduced if evaluation statement were accepted in place of a full appraisal.)

The Division of Parks and Outdoor Recreation (DPOR) is responsible for adjudicating mariculture applications within park boundaries. DPOR anticipates receiving additional applications for mussel farming in Kachemak Bay over the next few years (11 permits have already been granted within the park on an experimental basis). By 1991 DPOR will need a seasonal position to process mariculture applications and to complete field inspections, as well as incidental marine supplies to operate the field equipment that currently exists.

Assuming the department receives fair market value for the number of permits and leases estimated above, some \$45,000 in revenue might be generated the first year. As the industries begin to flourish, and sites are reappraised, the return to the state would be expected to increase.

POSITION SUMMARY

Fiscal Year '89

Two (2) - Natural Resource Officers II (Range 16)
Two (2) - Half-time Appraisers (Range 18)

Fiscal Year '90

Three (3) - Natural Resource Officers II (Range 16)
Two (2) - Half-time Appraisers (Range 18)
One (1) - Half-time Contract Administrator (Range 14)
Two (2) - Half-time Surveyors (Range 20)

Fiscal Year '91

Four (4) - Natural Resource Officers II (Range 16)
Two (2) - Appraisers (Range 18)
One (1) - Half-time Contract Administrator (Range 14)
Two (2) - Half-time Surveyors (Range 20)
One (a) - Seasonal Park Ranger (Range 16)

Fiscal Year '92

Four (4) - Natural Resource Officers II (Range 16)
Two (2) - Appraisers (Range 18)
One (1) - Half-time Contract Administrator (Range 14)
Two (2) - Half-time Surveyors (Range 20)
One (a) - Seasonal Park Ranger (Range 16)

Fiscal Year '93

Five (5) - Natural Resource Officers II (Range 16)
Two (2) - Appraisers (Range 18)
One (1) - Half-time Contract Administrator (Range 14)
Two (2) - Half-time Surveyors (Range 20)
One (a) - Seasonal Park Ranger (Range 16)

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

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

March 9, 1988

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

Dear Senator Coghill:

Subject: Senate Bill 482, an act relating to the farming of aquatic plants and aquatic animals, and prohibiting the aquatic farming of finfish in saltwater.

Position: The Department of Natural Resources' comments address the technical provisions of this bill, pursuant to the policies outlined in the Governor's position paper issued in March, 1988.

Background: As outlined in a position paper last March, it has been the Governor's policy to promote responsible growth in the shellfish industry. The Governor's Mariculture Task Force has been working for nearly a year to coordinate the permitting of shellfish applications. The agencies involved have prepared a tri-agency application form to simplify the confusing application process, the Department of Fish and Game has developed a new permit for shellfish, and the Department of Natural Resources has been working on a plan to address the cumulative impacts of the mariculture industry and on the tideland permit process.

For the most part, the directives of SB 482 do not appear to conflict with the work completed by the task force; however, the department recommends several changes in order for the efforts to be consistent:

(1) Up to three year rather than five year tideland permits. At the recommendation of the Governor's Mariculture Task Force, the Department of Fish and Game is in the final stages of preparing a three-year Shellfish Permit. The three-year term is used by the Corps of Engineers in permitting tideland activities. The Department of Natural Resources has been planning to use the three-year term as well in granting tideland permits for shellfish. (For a project that is experimental, a one or two year permit may be desirable.) If our permit terms could match, confusion to the applicant would be reduced, and agency permit coordination would be simplified.

(2) A valuation statement should be sufficient to determine the fair market value of a permit. The department supports the change requiring not less than fair market value to be charged for permits. Appraisals are expensive, however, so we have devised a short cut. An appraiser (or an appraiser's apprentice) completes a valuation statement. It is similar to a full appraisal, but not as thorough. If the applicant does not feel the rental determined in this manner is fair, then he/she can hire a certified appraiser and the department will accept the new number. A full appraisal will be required prior to granting a lease, as now required by statute.

(3) The notice requirements should be integrated into the process that the department is adopting to address cumulative impacts. The notice described in the bill will be cumbersome for the applicant, and will not always produce the desired result: that the people affected have the opportunity to comment on the project. While the specifics of the system have not yet been defined, the department is proposing a means of addressing cumulative impacts of the mariculture industry that entail opening districts for application, holding an agency meeting to screen out unreasonable applications, and then holding a hearing (within the affected area if funding is available) to obtain public comment.

(4) The addition of policy direction to guide the agencies in promulgating regulations and adjudicating permits. The bill clearly states that finfish farming in saltwater is not legal, and it regulates the farming of shellfish and sea vegetables, but it is unclear what the state's policy is toward shellfish and vegetables. It has been the Governor's policy to encourage the establishment and responsible growth of these industries in the state. Is that the legislative intent as well?

Recommendations: The department recommends the following specific changes in the bill:

(1) Section 16 (Sec. 38.05.856 (b)). A permit under this section should be valid for up to three years.

(2) Section 16 (Sec. 38.05.856 (a)). The value of a permit should be assessed prior to issuance or renewal. A valuation statement is acceptable for determining fair market value of a permit.

Senator Coghill

- 3 -

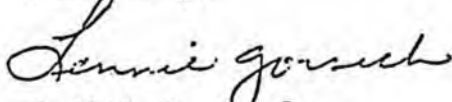
March 9, 1988

(3) Section 16 (Sec. 38.05.856 (c)). Before issuing or renewing a permit under this section, at a minimum, notice must be given as specified in AS 38.05.945. Written testimony may be submitted for 30 days after the notice, and the commissioner may hold a hearing in the affected area if necessary.

(4) Section 1. A statement should be added to make it clear that the policy of the state is to encourage the establishment and responsible growth of the shellfish and sea vegetable farming industries.

If I may provide additional information, do not hesitate to contact me.

Sincerely,



for Judith M. Brady
Commissioner

cc: Members of the Committee
Bill Sponsors
Rod Swope
Bob Evans

bcc: Division Directors

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SENATE COMMITTEE REPORT

FURTHER

DATE TURNED INTO OFFICE _____

4/12/88
Mr. President:

Finance Committee considered SB 483

conservation and protection of natural rangeland, and providing for an effective date.

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

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)

2/25/88
Mr. President:

DATE TURNED INTO OFFICE _____

Resources _____ Committee considered SB 483

conservation and protection of natural rangeland, and providing
for an effective date

and recommended:

- replace with CS SB 483(res) 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

FKH

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

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

2 *[Signature]* Do Not Pass
2 *[Signature]*
3 *[Signature]* Do not Pass until DnR
[Signature] (Completes Plans)
4 *[Signature]* No Rec

[Signature]
Chairman signature and recommendation

Committee Backup Attached

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

March 29, 1988

The Honorable Jack Coghill
Chair, Senate Resource Committee
P.O. Box V
Juneau, Alaska 99811

Dear Senator Coghill:

Subject: Senate Bill 483, which would legislatively designate portions of Kodiak Island and the Seward Peninsula as state grazing preserves to perpetuate personal, commercial, and other beneficial resource uses of these areas.

Position: The Department of Natural Resources does not object to the establishment of grazing preserves as long as they are recommended through a comprehensive planning process. We believe that designating these two areas as grazing preserves, before state area plans are completed, would not be in the public's interest. For example, there are currently lease applications or other activities, such as guiding, pending on land that would be included in the Kodiak grazing preserve. Legislative designation of these areas may also impact existing and future borough and municipal selections. The proposed designation also conflicts with the university land settlement at Saltery Cove and the department recommends deletion of that area. At present time there appears to be no immediate danger to grazing land availability in these areas. On Kodiak, much of the proposed reserve is already subject to long-term (20 year) grazing leases, and the department is aware of no grazing conflict on the Seward Peninsula in areas which are the subject of this bill.

Background: The department's draft Northwest Area Plan will be available for public review this summer. The state area planning process for Kodiak will begin later this year. Agencies and local residents will work together to determine appropriate uses for state land in both of these regions. If support for grazing preserves is widespread, legislative designation of these areas would become plan recommendations.

Senator Coghill

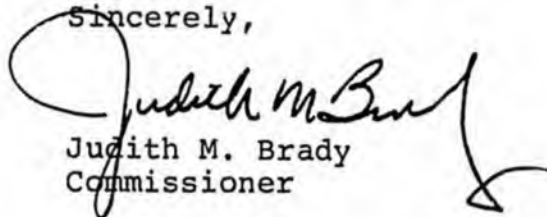
-2-

March 29, 1988

Recommendation: Defer establishment of state grazing preserves until state plans for the areas are completed. If a legislative designation is considered essential at this time, ensure that all resource uses, including oil and gas leasing and development (not allowed under the current bill) are allowed in state grazing preserves.

Please let me know if you would like additional information about these areas or the state's area plans.

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

cc: Committee Members
Sponsor
Bob Evans
Rod Swope

Original sponsor: Resources Committee

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 483 (Resources)

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 conservation and protection
7 of natural rangeland; and providing for an effective
8 date."

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

10 * Section 1. AS 41.23 is amended by adding new sections to read:

11 ARTICLE 3. STATE GRAZING PRESERVES.

12 Sec. 41.23.500. PURPOSE. The purpose of AS 41.23.500 - 41.23.-
13 550 is to protect naturally occurring rangeland and to permit the
14 establishment of state-owned or acquired land and water areas as state
15 grazing preserves. The primary purpose in the establishment of a
16 state grazing preserve is the perpetuation of personal, commercial,
17 and other beneficial uses of resources through multiple-use management
18 and sustained yield.

19 Sec. 41.23.510. MANAGEMENT PLANS. The commissioner shall pre-
20 pare and may amend management plans to assist in meeting the require-
21 ments of AS 41.23.500 - 41.23.550. A management plan prepared under
22 this section may designate incompatible uses and shall permit

- 23 (1) grazing permits and leases;
24 (2) timber harvest;
25 (3) material extraction;
26 (4) mineral location and leasing;
27 (5) surface lease under AS 38.05.070 for uses other than

28 grazing;

- 29 (6) recreation;
S

- 1 (7) wildlife and fisheries habitat management;
2 (8) hunting, fishing, and trapping; and
3 (9) other traditional, compatible uses.

4 Sec. 41.23.520. KODIAK ISLAND STATE GRAZING PRESERVE. Subject
5 to valid existing rights, the state-owned or acquired land and water
6 lying within the parcels described in this section is designated as
7 the Kodiak Island State Grazing Preserve:

8 Township 29 South, Range 20 West, Seward Meridian

9 Section 33

10 Township 29 South, Range 21 West, Seward Meridian

11 Sections 27 - 34

12 Township 29 South, Range 22 West, Seward Meridian

13 Sections 33 - 36

14 Township 30 South, Range 18 West, Seward Meridian

15 Section 19

16 Sections 30 - 31

17 Township 30 South, Range 19 West, Seward Meridian

18 Section 15

19 Sections 24 - 36

20 Township 30 South, Range 20 West, Seward Meridian

21 Sections 4 - 8

22 Section 18

23 Section 25

24 Sections 29 - 32

25 Section 36

26 Township 30 South, Range 21 West, Seward Meridian

27 Sections 4 - 8

28 Sections 11 - 36

29 Township 30 South, Range 22 West, Seward Meridian

1 Township 6 North, Range 22 West, Kateel River Meridian
2 Township 6 North, Ranges 30 - 37 West, Kateel River Meridian
3 Township 1 South, Ranges 10 - 20 West, Kateel River Meridian
4 Township 1 South, Range 30 West, Kateel River Meridian
5 Township 2 South, Ranges 10 - 18 West, Kateel River Meridian
6 Township 3 South, Range 10 West, Kateel River Meridian
7 Township 3 South, Range 29 West, Kateel River Meridian
8 Township 5 South, Range 25 West, Kateel River Meridian
9 Township 5 South, Ranges 27 - 29 West, Kateel River Meridian
10 Township 6 South, Ranges 26 - 30 West, Kateel River Meridian
11 Township 7 South, Range 27 West, Kateel River Meridian
12 Township 7 South, Ranges 29 - 32 West, Kateel River Meridian
13 Township 8 South, Ranges 29 - 31 West, Kateel River Meridian
14 Township 8 South, Ranges 33 - 38 West, Kateel River Meridian
15 Township 9 South, Range 27 West, Kateel River Meridian
16 Township 9 South, Ranges 29 - 30 West, Kateel River Meridian
17 Township 9 South, Range 37 West, Kateel River Meridian
18 Township 10 South, Range 27 West, Kateel River Meridian
19 Township 10 South, Ranges 29 - 30 West, Kateel River Merid-
20 ian
21 Township 10 South, Range 37 West, Kateel River Meridian
22 Township 11 South, Range 27 West, Kateel River Meridian
23 Township 11 South, Ranges 29 - 30 West, Kateel River Merid-
24 ian
25 Township 12 South, Range 30 West, Kateel River Meridian

26 Sec. 41.23.540. SITKINAK ISLAND STATE GRAZING PRESERVE. Subject
27 to valid existing rights, the state-owned or acquired land and water
28 lying within the parcels described in this section is designated as
29 the Sitkinak Island State Grazing Preserve:

1 Township 41 South, Ranges 31 - 32 West, Seward Meridian

2 Township 42 South, Ranges 29 - 32 West, Seward Meridian

3 Sec. 41.23.550. CHERIKOF ISLAND STATE GRAZING PRESERVE. Subject
4 to valid existing rights, the state-owned or acquired land and water
5 lying within the parcels described in this section is designated as
6 the Cherikof Island State Grazing Preserve:

7 Township 49 South, Ranges 41 - 42 West, Seward Meridian

8 Township 50 South, Ranges 41 - 42 West, Seward Meridian

9 Township 51 South, Ranges 41 - 42 West, Seward Meridian

10 * Sec. 2. This Act takes effect July 1, 1938.

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 SENATE BILL NO. 483

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 conservation and protection
7 of natural rangeland; and providing for an effective
8 date."

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

10 * Section 1. AS 41.23 is amended by adding new sections to read:

11 ARTICLE 3. STATE GRAZING PRESERVES.

12 Sec. 41.23.500. PURPOSE. The purpose of AS 41.23.500 - 41.23.-
13 530 is to protect naturally occurring rangeland and to permit the
14 establishment of state-owned or acquired land and water areas as state
15 grazing preserves. The primary purpose in the establishment of a
16 state grazing preserve is the perpetuation of personal, commercial,
17 and other beneficial uses of resources through multiple-use management
18 and sustained yield.

19 Sec. 41.23.510. MANAGEMENT PLANS. The commissioner shall pre-
20 pare and may amend management plans to assist in meeting the require-
21 ments of AS 41.23.500 - 41.23.530. A management plan prepared under
22 this section may designate incompatible uses and shall permit

- 23 (1) grazing permits and leases;
24 (2) timber harvest;
25 (3) material extraction;
26 (4) mineral location and leasing;
27 (5) surface lease under AS 38.05.070 for uses other than

28 grazing;

- 29 (6) recreation;
S

- 1 (7) wildlife and fisheries habitat management;
2 (8) hunting, fishing, and trapping; and
3 (9) other traditional, compatible uses.

4 Sec. 41.23.520. KODIAK ISLAND STATE GRAZING PRESERVE. Subject
5 to valid existing rights, the state-owned or acquired land and water
6 lying within the parcels described in this section is designated as
7 the Kodiak Island State Grazing Preserve:

8 Township 29 South, Range 19 West, Seward Meridian
9 Sections 31 - 36

10 Township 29 South, Range 20 West, Seward Meridian
11 Section 7

12 Sections 12 - 14

13 Sections 19 - 24

14 Sections 25 - 35

15 Township 29 South, Range 21 West, Seward Meridian
16 Sections 24 - 36

17 Township 29 South, Range 22 West, Seward Meridian
18 Sections 33 - 36

19 Township 30 South, Ranges 19 - 22 West, Seward Meridian

20 Township 31 South, Ranges 19 - 21 West, Seward Meridian

21 Township 31 South, Range 22 West, Seward Meridian
22 Sections 1 - 12

23 Township 32 South, Range 19 West, Seward Meridian
24 Sections 3 - 6

25 Section 9

26 Township 32 South, Range 20 West, Seward Meridian
27 Sections 1 - 5

28 Sections 9 - 10

29 Sec. 41.23.530. SEWARD PENINSULA GRAZING PRESERVE. Subject to

1 valid existing rights, the state-owned or acquired land and water
2 lying within the parcels described in this section is designated as
3 the Seward Peninsula State Grazing Preserve:

4 Township 1 North, Ranges 10 - 20 West, Kateel River Meridian

5 Township 1 North, Ranges 28 - 44 West, Kateel River Meridian

6 Township 2 North, Ranges 10 - 20 West, Kateel River Meridian

7 Township 2 North, Ranges 28 - 44 West, Kateel River Meridian

8 Township 3 North, Ranges 10 - 20 West, Kateel River Meridian

9 Township 3 North, Ranges 28 - 43 West, Kateel River Meridian

10 Township 4 North, Ranges 10 - 19 West, Kateel River Meridian

11 Township 4 North, Ranges 28 - 39 West, Kateel River Meridian

12 Township 5 North, Ranges 10 - 22 West, Kateel River Meridian

13 Township 5 North, Ranges 28 - 37 West, Kateel River Meridian

14 Township 6 North, Ranges 10 - 22 West, Kateel River Meridian

15 Township 6 North, Ranges 30 - 37 West, Kateel River Meridian

16 Township 7 North, Ranges 10 - 21 West, Kateel River Meridian

17 Township 8 North, Ranges 10 - 21 West, Kateel River Meridian

18 Township 9 North, Ranges 11 - 14 West, Kateel River Meridian

19 Township 10 North, Range 11 West, Kateel River Meridian

20 Township 10 North, Range 13 West, Kateel River Meridian

21 Township 10 North, Range 15 West, Kateel River Meridian

22 Township 11 North, Ranges 8 - 13 West, Kateel River Meridian

23 Township 11 North, Range 15 West, Kateel River Meridian

24 Township 12 North, Ranges 10 - 15 West, Kateel River Merid-
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26 Township 13 North, Range 15 West, Kateel River Meridian

27 Township 14 North, Ranges 15 - 16 West, Kateel River Merid-
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29 Township 15 North, Ranges 16 - 18 West, Kateel River

1 Meridian

2 Township 16 North, Ranges 16 - 18 West, Kateel River Merid-
3 ian

4 Township 17 North, Ranges 16 - 17 West, Kateel River Merid-
5 ian

6 Township 18 North, Range 17 West, Kateel River Meridian

7 Township 1 South, Ranges 10 - 20 West, Kateel River Meridian

8 Township 1 South, Ranges 28 - 29 West, Kateel River Meridian

9 Township 2 South, Ranges 10 - 18 West, Kateel River Meridian

10 Township 2 South, Ranges 28 - 29 West, Kateel River Meridian

11 Township 3 South, Range 10 West, Kateel River Meridian

12 Township 3 South, Ranges 28 - 29 West, Kateel River Meridian

13 Township 4 South, Ranges 28 - 29 West, Kateel River Meridian

14 Township 5 South, Ranges 25 - 30 West, Kateel River Meridian

15 Township 6 South, Ranges 25 - 31 West, Kateel River Meridian

16 Township 7 South, Ranges 26 - 33 West, Kateel River Meridian

17 Township 8 South, Ranges 25 - 38 West, Kateel River Meridian

18 Township 9 South, Ranges 21 - 22 West, Kateel River Meridian

19 Township 9 South, Ranges 24 - 38 West, Kateel River Meridian

20 Township 10 South, Ranges 20 - 21 West, Kateel River Merid-
21 ian

22 Township 10 South, Ranges 23 - 37 West, Kateel River Merid-
23 ian

24 Township 11 South, Ranges 20 - 38 West, Kateel River Merid-
25 ian

26 Township 12 South, Range 20 West, Kateel River Meridian

27 Township 12 South, Ranges 22 - 23 West, Kateel River Merid-
28 ian

29 Township 12 South, Ranges 30 - 33 West, Kateel River

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Meridian

Township 13 South, Ranges 20 - 21 West, Kateel River Merid-
ian

* Sec. 2. This Act takes effect July 1, 1988.

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CSB 483 (res)
PUBLISH DATE: SENATE 4/12/88

FISCAL NOTE

REQUEST:

Revision Date: 3/29/88
Title: SR 483 Protection of Natural Rangeland
Sponsor: Senate Resources
Requestor: Senate Resources

Agency Affected: DNR
BRU: Land and Water Mgmt
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	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

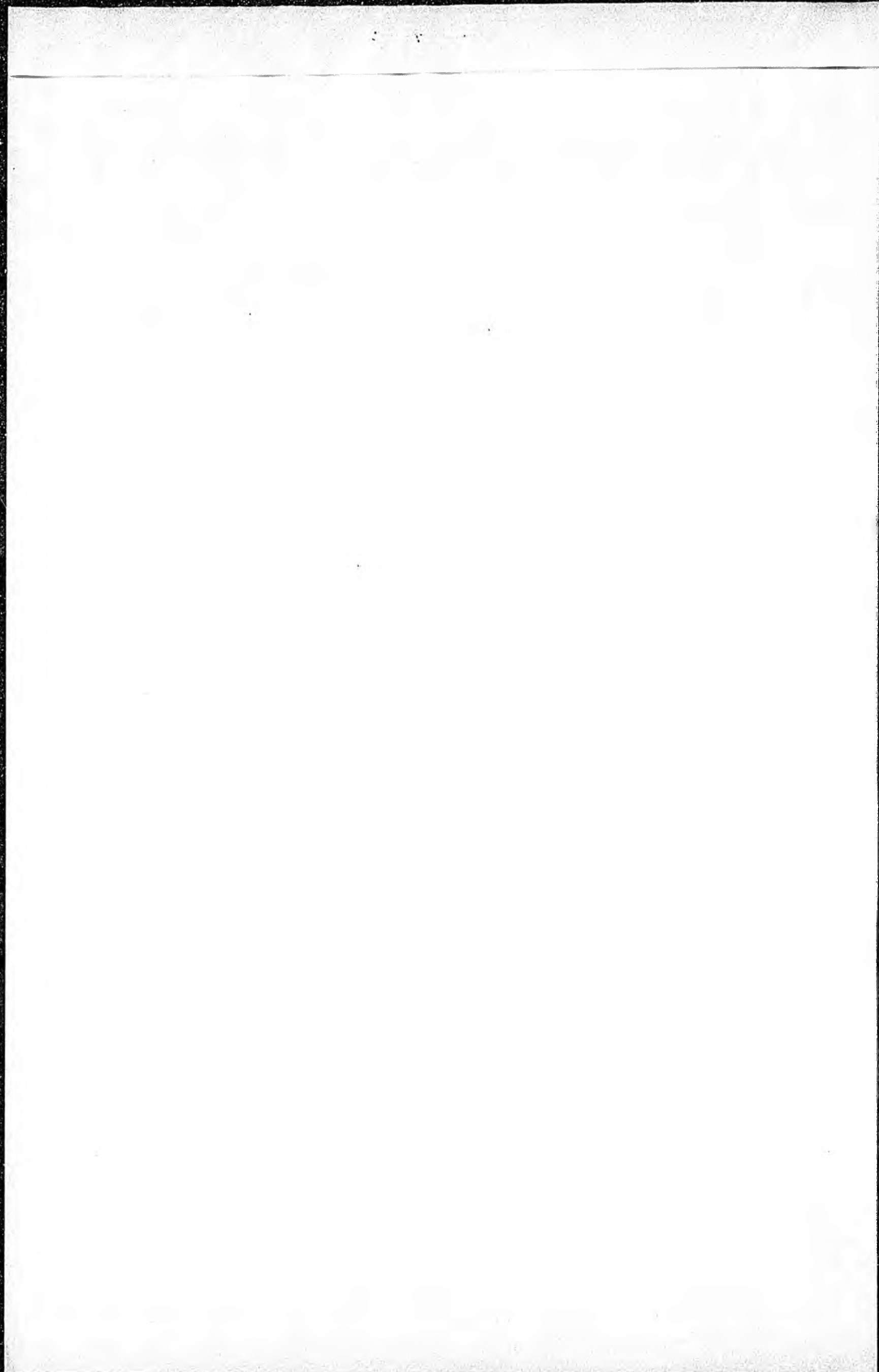
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

The Department anticipates no fiscal impact with respect to this legislation if the management plans required by this bill can be completed according to the existing planning schedule.

Prepared by: 113 Ostrowsky Phone: 465-2400
Division: Commissioner's Office Date: 3/29/88
Approved by Commissioner: [Signature] Date: 3/29/88
Agency: Department of Natural Resources

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



ALASKA STATE LEGISLATURE

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

SENATE...**BILL**..... NO..**483**..

IN ... THE. RESOURCES. COMMITTEE..

"An Act relating to the conser-
vation and protection of natural
rangeland; and providing for an
effective date."

Introduced in the Senate ... **2/25**....., 19 **88**....

HISTORY IN THE SENATE

19 ~~88~~

Read first time and referred
to Committee on

2 25

Resources, Finance

Reported back with
recommendation that

4 12

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Read third time and

PASSED Effective Date
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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

SB

484

5/4/88
H(F.R.)

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HCSCSSR 484 (Resources)
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: May 5, 1988
Title: Powers of ARLF Board

Agency Affected: Natural Resources
BRU: Ag Management

Sponsor: House Resources Committee
Requestor: House Resources Committee

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-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

[Empty box for analysis]

Prepared by: Carol Wilson Phone: 465-2400
Division: Commissioner's Office Date: 5/5/88

Approved by Commissioner: Judith M. Brown Date: 5/5/88
Agency: Natural Resources

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

RECEIVED
MAY 6 1988

LEGISLATIVE FINANCE

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

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

OFFICE OF THE COMMISSIONER

May 5, 1988

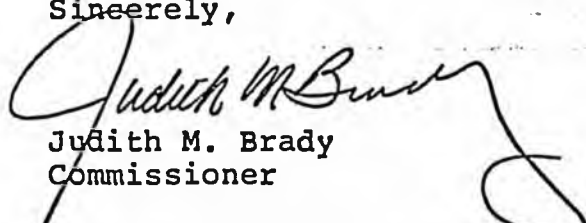
The Honorable Sam Cotten
Co-Chair, House Resources Committee
P.O. Box V
Juneau, AK 99811

Dear Representative Cotten:

I appreciate the House Resources Committee's consideration of agricultural problems and support the committee's substitute of SB. 484. I assure you that the Department of Natural Resources and the Agricultural Revolving Loan Fund Board will not sell the Matanuska Maid Creamery during the one-year term of the creamery management agreement with Alaska Dairy, Inc. We hope that in one year Point MacKenzie farm operations will have stabilized to the point where dairy farmers are able to take on the obligation of a creamery purchase.

Please let me know if you would like additional information about the creamery.

Sincerely,


Judith M. Brady
Commissioner

cc: Committee Members
Rod Swope
Ron Clarke
Bob Evans
Mark Weaver
Senator Kerttula
Senator Szymanski
Representative Menard
Representative Larson

SENATE COMMITTEE REPORT

FURTHER

4/6/88

DATE TURNED INTO OFFICE 4/29/88

Mr. President:

Finance Committee considered SB 484

restructuring the debt of certain dairy farmers; efd

and recommended

replace with _____ CS AB 484 (Finance) 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 ... No Rec
Paul ... No Rec
John ... No Rec
Paul ... No Rec
W. ... No Rec
John ... No Rec
Rick Halford - ~~to pass~~ No Rec
Chairman signature and recommendation

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CS SB 484 (Finance)
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Powers of & loans made by
Ag Revolving Loan Fund Board
Sponsor: Senate Judiciary/Request
Requestor: Senate Finance Committee

Agency Affected: Dept of Natural Resources
BRU: Agricultural Management

Components: ARLF

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		57.6	57.6	57.6	57.6	57.6
TRAVEL		3.0	3.0	3.0	3.0	3.0
CONTRACTUAL		-0-	-0-	-0-	-0-	-0-
SUPPLIES		1.0	1.0	1.0	1.0	1.0
EQUIPMENT		-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES		-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS		-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS		-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING		61.6	61.6	61.6	61.6	61.6

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER		61.6	61.6	61.6	61.6	61.6
TOTAL		61.6	61.6	61.6	61.6	61.6

POSITIONS:

FULL-TIME		1	1	1	1	1
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Funds one Administrative Officer III, PFT/Palmer, at Range 21/A from the Agricultural Revolving Loan Fund.

Rick Halford

Prepared by: _____
Division: Senator Rick Halford, Co-chairman
Senate Finance Committee

Phone: 465-3753
Date: April 29, 1988

Approved by Commissioner: _____
Agency: _____

Date: _____

Distribution (by preparer):

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

Original sponsor: Judiciary Committee
by Request

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 484 (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 powers of and loans made by
7 the Agricultural Revolving Loan Fund Board; and
8 providing for an effective date."

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

10 * Section 1. AS 03.10.050 is amended by adding new subsections to read:

11 (d) To facilitate execution of its duties, the Agricultural
12 Revolving Loan Fund Board may appoint, supervise, and remove a finan-
13 cial analyst.

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

19 (f) A credit may not be granted under (e) of this section to
20 reduce interest due on a loan if the borrower has an agricultural loan
21 in default, has a loan that has been rewritten, restructured, rolled
22 over, or otherwise had its term extended or interest rate reduced, or
23 has had a land payment or land clearing loan restructured.

24 (g) The director of agriculture shall dispose of property ac-
25 quired by the Agricultural Revolving Loan Fund Board or by the commis-
26 sioner through foreclosure, default, or other action arising out of
27 agricultural loans or the sale of agricultural land. Disposals shall
28 be conducted under regulations approved by the board. The regulations
29 shall ensure that the property is disposed of so as to maximize the

1 return to the state and shall require that the parcels of land that
2 are composed primarily of cropland soils be restricted to agricultural
3 uses.

4 * Sec. 2. RESTRUCTURE OF AGRICULTURAL DEBT. (a) To increase the
5 return to the state, the Agricultural Revolving Loan Fund Board may re-
6 structure loans in existence on June 25, 1987, made by the board or by the
7 Alaska Agricultural Action Council based upon guidelines approved by the
8 board. The restructuring may only include reduction of interest to rates
9 below those specified by AS 03.10.030, an extension of the term of the
10 loan, and an improvement to the security interest of the state. It may not
11 reduce the amount of principal and interest owed before the loan is re-
12 structured.

13 (b) The maximum term of a loan modified under (a) of this section is
14 30 years from the date of restructuring.

15 (c) Notwithstanding any other provision of this section, the Agricul-
16 tural Revolving Loan Fund Board may approve an application for restructur-
17 ing under this section only upon

18 (1) the applicant's written release of the state, including the
19 Alaska Agriculture Action Council, the agricultural revolving loan fund,
20 and the University of Alaska, from all potential liability for actions and
21 omissions occurring before the date of restructuring that relate in any way
22 to a state farm project, land sale, land sale relinquishment, farm loan, or
23 loan application or loan modification application, whether granted or
24 denied by the state; and

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

28 (d) In order to provide an incentive and opportunity to continue milk
29 production, the board may restructure the debt of any dairy farm that has

1 produced at least 30,000 pounds of milk a month since November 15, 1985,
2 and continues to produce 30,000 pounds of milk a month. If milk production
3 falls below 30,000 pounds a month, the restructured debt shall become
4 immediately due and payable. Restructure under this section is subject to
5 the same limitations and conditions as provided in (a), (b), and (c) of
6 this section.

7 * Sec. 3. Section 2 of this Act is retroactive to June 25, 1987.

8 * Sec. 4. This Act takes effect immediately under AS 01.10.070(c).
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FISCAL NOTE

REQUEST:

Revision Date: April 29, 1988
Title: Powers of ARLF

Agency Affected: Natural Resources
BRU: Agricultural Management

Sponsor: Senate Finance Committee
Requestor: Senate Finance Committee

Components: ARLF

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		79.4 57.4	79.4	79.4	79.4	79.4
TRAVEL		3.0	3.0	3.0	3.0	3.0
CONTRACTUAL		-0-	-0-	-0-	-0-	-0-
SUPPLIES		1.0	1.0	1.0	1.0	1.0
EQUIPMENT		-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES		-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS		0	0	0	0	0
MISCELLANEOUS		0	0	0	0	0
TOTAL OPERATING	-0-	83.4 61.6	83.4	83.4	83.4	83.4
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER	-0-	83.4	83.4	83.4	83.4	83.4
TOTAL	-0-	83.4	83.4	83.4	83.4	83.4

POSITIONS:

FULL-TIME	-0-	1	1	1	1	1
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

The financial analyst in Section 1 of this bill would be an Administrative Officer III and would be funded by the Agricultural Revolving Loan Fund. Since the ARLF is currently restructuring farm loans, which this bill allows, there would be no new revenues received by the state or lost by the state as a result of this bill that have not already been considered under existing programs. (Contd.)

Prepared by: Carol Wilson Phone: 465-2400
Division: Commissioner's Office Date: 4/28/88

Approved by Commissioner: [Signature] Date: 4-29-88
Agency: Natural Resources

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

21/A

Position Title Administrative Officer III		No. of Positions 1	Range/Step 21/B	Barg. Unit CCU
Time Status PFT	Staff Months 12	Location Palmer		Election District 16
		Justification		
Type of Expenditure		Amount		
1	2	3		
Salary	52.4 44.0			
Benefits	27.0 13.6			
Premium Pay				
Other				
Total Personal Services		79.4 57.6		
Travel				
Contractual				
Commodities				
Equipment				
Other				
Total Cost		79.4		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004			
GF Program Receipts	1005			
Other ARLE		79.4		

This position would serve as a financial analyst for the Agricultural Revolving Loan Fund and help the Board in the performance of its financial duties. It would also serve as an administrative agent for the Board and manage its business assets.

**Request For
New Position**

Agency Natural Resources
 BRU Agriculture Management
 Component Agriculture Management

Page 3 of 3
 Revised Date

FY 89

FN for CSCS SB 484 (Finance)

Continued

Improved financial analyses provided by the financial analyst position could result in improved financial performance of the fund. An improved return to the fund of 1% of the loan balance per year would result in revenue increases to the fund of more than \$350,000. This position could generate returns to the fund far in excess of annual costs for the position.

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CSSB 484 (Resources)
PUBLISH DATE: Senate 4/6/88

FISCAL NOTE

REQUEST:

Revision Date: 4/5/88
Title: Restructuring Agricultural Debt
Sponsor: Senate Resources Committee
Requestor: Senate Resources Committee

Agency Affected: Natural Resources
BRU: Agricultural Management

Components: ARLF

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL		202.5				
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	202.5	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	(8300.0)	(1300.0)	(1300.0)	(1300.0)	(1300.0)
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FUNDING: (Thousands of Dollars)

GENERAL FUND		202.5				
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	202.5	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

In FY 89 the revenue loss is due to the forgiveness of \$7 million in interest and penalties and \$1.3 million in reduced loan payments (based on \$30 million in total ARLF loans due). In FY 90 -FY 93 the revenue loss is because of the reduced amount in loan payments. The 202.5 thousand in operating funds will pay for a contractor to process the restructuring of 225 ARLF borrowers.

Prepared by: Hal Ward Phone: 745-7200
Division: Agriculture *Jennifer Gorb* Division Comm. Date: 4/5/88

Approved by Commissioner: Judith M. Brady
Agency: Natural Resources

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

RECEIVED
APR 6 1988

LEGISLATIVE FINANCE
page 1 of 1

FISCAL NOTE

REQUEST:

Revision Date: 3/ 29 /88
Title: Restructure of Dairy Debt
Sponsor: Senate Judiciary
Requestor: Senate Resources Committee

Agency Affected: Natural Resources
BRU: Agricultural Management

Components: ARLF

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		-0-	-0-			
TRAVEL		2.0	2.0			
CONTRACTUAL		30.0	30.0			
SUPPLIES		1.0	1.0			
EQUIPMENT		-0-	-0-			
LAND & STRUCTURES		-0-	-0-			
GRANTS, CLAIMS		-0-	-0-			
MISCELLANEOUS		-0-	-0-			
TOTAL OPERATING	-0-	33.0	33.0	-0-	-0-	-0-

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

REVENUE	(183.6)	(183.6)	(183.6)	(183.6)	(183.6)	(183.6)
---------	---------	---------	---------	---------	---------	---------

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	33.0	33.0	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	33.0	33.0	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

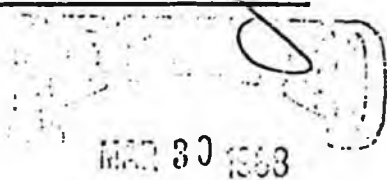
ANALYSIS : (Attach a separate page if necessary)

Operating expenses are for contract services to provide financial analyses for each dairy business and for establishment of a system to monitor the anticipated repayment program over the 40 year period. The negative revenue is a function of approximately one-half of the revenue otherwise available to the ARLF during the first 20 year period.

Prepared by: Hal Ward Phone: 745-7200
Division: Division of Agriculture Date: 3/29/88

Approved by Commissioner: [Signature] Date: 3/29/88
Agency: Natural Resources

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



STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

400 WILLOUGHBY AVE.
JUNEAU, ALASKA 99801-1798
PHONE: (907) 465-2400

March 29, 1988

The Honorable Jack Coghill
Chair, Senate Resource Committee
P.O. Box V
Juneau, Alaska 99811

Dear Senator Coghill:

Subject: Senate Bill 484, which would restructure the debt of certain dairy farmers.

Position: The Department of Natural Resources opposes this bill because it is not limited to farmers with troubled debt, it provides special financial benefits to only one sector of the agricultural community, and it is not necessary because a farm debt restructuring program is already in place.

Background: The Division of Agriculture and the Agricultural Revolving Loan Fund (ARLF) have developed and implemented a loan restructuring program for farmers with troubled debt. Dairy farmers are eligible for consideration under the existing program. Over a 20 year period, under the existing program, farms producing over 30,000 pounds of milk per month would provide interest income to the ARLF of approximately \$544,220. In addition, principal due of approximately \$6,802,780 would be recovered during the 20 year period.

Under the terms of this bill, dairy loans would be restructured without regard to the management ability of the farmer, or the capacity to repay. This bill could reward farmers for non-performance.

Recommendation: Charge this bill to reaffirm the existing ARLF debt restructuring program, but extend the maximum term allowable for restructuring from 20 to 30 years. This should meet the concerns of many farmers while preserving the integrity of the ARLF.

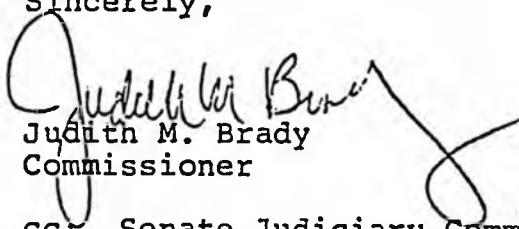
Senator Coghill

-2-

March 29, 1988

We would be happy to work with committee members to develop a substitute for this bill.

Sincerely,



Judith M. Brady
Commissioner

cc: Senate Judiciary Committee
Senate Resources Committee
Bob Evans
Rod Swope

ALASKA STATE LEGISLATURE

SB484



373-CURT

Curt Menard

351 W. Swanson Ave.
Wasilla, Alaska 99687
— While in Session —
P.O. Box V
Juneau, Alaska 99811
465-2679 Juneau



376-5855 Home

April 13, 1988

Rick Halford
Johne Binkley
Co-Chairs, Senate Finance
Pouch V
Juneau, AK 99811

Honorable Senators, o

I would like to submit this letter in support of restructuring Agricultural Revolving Loan Fund (ARLF) loans.

We all realize there has been a large public investment in agriculture; we all know agriculture in general, and the dairy industry in particular, is unable to service their debt to the state; now we have to determine what we can do to realize the best return on that investment and preserve local family farms.

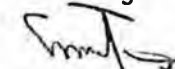
In my view, (1) when someone owes the state on an agricultural loan and could repay it all with interest on 30 years, (2) but will declare bankruptcy if forced to go with a strict 20 year schedule, and (3) there is no hope for the state to recoup the investment through resale, (4) then it just makes sense to negotiate a restructuring and extend repayment for 30 years.

If all we did was that, we just might salvage both our native farmers and the lion's share of public investment in that industry.

This is no band-aid, and to do otherwise may well be a penny wise and a pound foolish.

Thank you for allowing me to submit my comments to the Committee.

Warm Regards,


Curt Menard
Representative

Original sponsor: Judiciary Committee
by Request

1 IN THE SENATE BY THE RESOURCES COMMITTEE
2 CS FOR SENATE BILL NO. 484 (Resources)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act restructuring agricultural debt; and provid-
7 ing for an effective date."

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

9 * Section 1. RESTRUCTURING AGRICULTURAL REVOLVING LOAN FUND DEBT. The
10 Agricultural Revolving Loan Board shall restructure the debt of each bor-
11 rower who has a loan from the board on July 1, 1988. The amount of any
12 interest and penalties due to the agricultural revolving loan fund on
13 July 1, 1988, is forgiven. The amount of the principal due to the agricul-
14 tural revolving loan fund on July 1, 1988, shall be repaid in 30 equal
15 payments of the principal that are due to the agricultural revolving loan
16 fund on July 1, 1989, and each succeeding July 1 until the principal is
17 repaid. The unpaid principal accrues interest at the following rates and
18 shall be paid on the dates stated:

- 19 (1) On July 1, 1989: one percent of the unpaid principal;
20 (2) On July 1, 1990: two percent of the unpaid principal;
21 (3) On July 1, 1991: three percent of the unpaid principal;
22 (4) On July 1, 1992: four percent of the unpaid principal;
23 (5) On July 1, 1993: five percent of the unpaid principal;
24 (6) On July 1, 1994: six percent of the unpaid principal;
25 (7) On July 1, 1995: seven percent of the unpaid principal;
26 (8) On July 1, 1996: eight percent of the unpaid principal;
27 (9) On each succeeding July 1 until the principal is repaid:
28 eight percent of the unpaid principal.

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

1 IN THE SENATE
2
3 SENATE BILL NO. 484
4 IN THE LEGISLATURE OF THE STATE OF ALASKA
5 FIFTEENTH LEGISLATURE - SECOND SESSION
6 A BILL
7 For an Act entitled: "An Act restructuring the debt of certain dairy
8 farmers; and providing for an effective date."
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
10 * Section 1. RESTRUCTURING THE DEBT OF CERTAIN DAIRY FARMERS. (a) A
11 person who has produced raw milk in the state at an average monthly rate of
12 30,000 pounds or more of raw milk since November 16, 1986, may request the
13 Agricultural Revolving Loan Fund Board to restructure 50 percent of the
14 person's total debt to the agricultural revolving loan fund and the former
15 Alaska Agricultural Action Council under the two-tier formula adopted by
16 the board in its Guidelines of June 25, 1987. The remaining 50 percent of
17 the total debt requires no payments for the first 20 years and shall be
18 paid in equal monthly installments over the second 20-year period with
19 interest at six percent per annum commencing with the first payment. The
20 debt shall be secured as if it were restructured under the guidelines.
21 (b) The board shall approve a request for a restructuring under (a)
22 of this section if the applicant releases the state from any claim for
23 liability the applicant may have based on state action under the Point
24 McKenzie Project and for liability based on state action under the loan
25 policies and programs of the agricultural revolving loan fund and under the
26 former Alaska Agricultural Action Council.
* Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

Adopted

5-1984P

Bradley
4/29/88

Original sponsor: Judiciary Committee
by Request

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 484 (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 powers of and loans made by
7 the Agricultural Revolving Loan Fund Board; and
8 providing for an effective date."

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

10 * Section 1. AS 03.10.050 is amended by adding new subsections to read:

11 (d) To facilitate execution of its duties, the Agricultural
12 Revolving Loan Fund Board may appoint, supervise, and remove a finan-
13 cial analyst.

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

19 (f) A credit may not be granted under (e) of this section to
20 reduce interest due on a loan if the borrower has an agricultural loan
21 in default, has a loan that has been rewritten, restructured, rolled
22 over, or otherwise had its term extended or interest rate reduced, or
23 has had a land payment or land clearing loan restructured.

24 (g) The director of agriculture ^{shall} dispose of property ac-
25 quired by the Agricultural Revolving Loan Fund Board or by the commis-
26 sioner through foreclosure, default, or other action arising out of
27 agricultural loans or the sale of agricultural land. Disposals shall
28 be conducted under regulations approved by the board. The regulations
29 shall ensure that the property is disposed of so as to maximize the

1 return to the state and shall require that the parcels of land that
 2 are composed primarily of cropland soils be restricted to agricultural
 3 uses.

4 * Sec. 2. RESTRUCTURE OF AGRICULTURAL DEBT. (a) To increase the
 5 return to the state, the Agricultural Revolving Loan Fund Board may re-
 6 structure loans in existence on June 25, 1987, made by the board or by the
 7 Alaska Agricultural Action Council based upon guidelines approved by the
 8 board. The restructuring may only include reduction of interest to rates
 9 below those specified by AS 03.10.030, an extension of the term of the
 10 loan, and an improvement to the security interest of the state. It may not
 11 reduce the amount of principal and interest owed before the loan is re-
 12 structured.

13 (b) The maximum term of a loan modified under (a) of this section is
 14 30 years from the date of restructuring.

15 (c) Notwithstanding any other provision of this section, the Agricul-
 16 tural Revolving Loan Fund Board may approve an application for restructur-
 17 ing under this section only upon

18 (1) the applicant's written release of the state, including the
 19 Alaska Agriculture Action Council, the agricultural revolving loan fund,
 20 and the University of Alaska, from all potential liability for actions and
 21 omissions occurring before the date of restructuring that relate in any way
 22 to a state farm project, land sale, land sale relinquishment, farm loan, or
 23 loan application or loan modification application, whether granted or
 24 denied by the state; and

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

28 (d) In order to provide an incentive and opportunity to continue milk
 29 production, the board ^{JB: -y,} ^{RM} ~~[shall]~~ ^{"may"} restructure the debt of any dairy farm that has

[shall] to 'may'

1 produced at least 30,000 pounds of milk a month since November 15, 1985,
2 and continues to produce 30,000 pounds of milk a month. [If milk production
3 falls below 30,000 pounds a month, the restructured debt shall become
4 immediately due and payable.] Restructure under this section is subject to
5 the same limitations and conditions as provided in (a), (b), and (c) of
6 this section.

7 * Sec. 3. Section 2 of this Act is retroactive to June 25, 1987.

8 * Sec. 4. This Act takes effect immediately under AS 01.10.070(c).
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5-1984X
Bradley
4/12/88

Original sponsor: Judiciary Committee
by Request

DRAFT

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 484 (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 powers of the Agricultural
7 Revolving Loan Fund Board; and providing for an
8 effective date."

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

10 * Section 1. AS 03.10.050 is amended by adding new subsections to read:

11 (d) To facilitate execution of its duties, the Agricultural
12 Revolving Loan Fund Board may appoint, supervise, and remove a finan-
13 cial analyst.

14 (e) To encourage the prompt payment of loans, the department
15 shall establish a program of credits for persons who have a loan from
16 the agricultural revolving loan fund and maintain good financial
17 standing. The credits may be applied against no more than two per-
18 centage points a year of the interest due on agricultural revolving
19 loan fund loans.

20 (f) A credit may not be granted under (e) of this section to
21 reduce interest due on a loan if the borrower has an agricultural loan
22 in default, has a loan that has been rewritten, restructured, rolled
23 over, or otherwise had its term extended or interest rate reduced, or
24 has had a land payment or land clearing loan restructured.

25 * Sec. 2. RESTRUCTURE OF AGRICULTURAL DEBT. (a) The Agricultural
26 Revolving Loan Fund Board may restructure loans in existence on the effec-
27 tive date of this Act based upon guidelines approved by the Department of
28 Natural Resources. The restructuring may only include reduction of in-
29 terest to rates below those specified by AS 03.10.030 and an extension of

DRAFT

1 the term of the loan. It may not reduce the amount of principal to be
2 repaid.

3 (b) The maximum term of a loan compromised, adjusted, reduced, or
4 modified under (a) of this section is 30 years.

5 (c) The Agricultural Revolving Loan Fund Board shall extend over a
6 30-year term the debt of an applicant who has produced raw milk in the
7 state at an average monthly rate of 30,000 pounds or more of raw milk since
8 November 16, 1986.

9 (d) Recognizing that claims have been made against the state that
10 arise out of the formulation and implementation of state farm projects or
11 the granting or denial of farm loans, the Agricultural Revolving Loan Fund
12 Board may approve an application for a restructuring under this section
13 only upon the applicant's written release of the state, including the
14 Alaska Agriculture Action Council, the agricultural revolving loan fund,
15 and the University of Alaska, from all potential liability for actions and
16 omissions occurring before the date of restructuring that relate in any way
17 to a state farm project, land sale, land sale relinquishment, farm loan, or
18 loan application or loan modification application, whether granted or
19 denied by the state.

20 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).
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IN THE SENATE

BY THE _____ COMMITTEE

CS FOR SENATE BILL NO. 484

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act permitting restructuring of debt due the Agriculture Revolving Loan Fund, providing for an effective date, and granting the Agriculture Revolving Loan Fund Board authority to hire employees and retain independent contractors."

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

Section 1.(a). This Legislature concurring in the findings of the Department of Natural Resources, Division of Agriculture, and Agriculture Revolving Loan Fund Board of Directors as set forth in the June 25, 1987 Agriculture Revolving Loan Fund Board Guidelines for Restructuring, hereby grants the Agriculture Revolving Loan Fund the authority to adopt and implement the June 25, 1987 Agriculture Revolving Loan Fund Board Guidelines for Restructuring, except to the extent inconsistent with this Act.

(b) The Agriculture Revolving Loan Fund may approve restructuring of a loan under (a) of this section for a term of 0 to 30 years, but shall not approve restructuring for a term in excess of 30 years unless authorized to do so by separate Act. Time elapsed between the date a loan was initially extended and the date of restructuring is not counted in calculating the maximum possible term for restructuring.

From

(c) An application for restructuring may be considered whether or not filed by November 1, 1987.

(d) An application for restructuring shall only be granted if deemed necessary by the Agriculture Revolving Loan Fund Board of Directors to maximize return to the Agriculture Revolving Loan Fund on its loans. The terms on which restructuring is granted shall also reflect the State's paramount goal of maximizing return on loans.

(e) Recognizing that claims have been made against the State, which claims arise out of the formulation and implementation of State farm projects or grant or denial of farm loans, but without making a finding on the merits of these and related claims, the Agriculture Revolving Loan Fund shall condition approval of an application for restructuring under (a) of this section upon the applicant's release of the State, including without being limited to, the Alaska Agriculture Action Council, the Agriculture Revolving Loan Fund, and the University of Alaska, from all liability for actions and omissions occurring prior to the date of restructuring which relate in any way to any State farm project, land sale, land sale relinquishment, farm loan, or loan application or loan modification application, whether granted or denied by the State.

Section 2. The authority granted in Section 1 is retroactive to June 25, 1987.

Section 3. AS 03.10.050 is amended by adding a new subsection to read:

(d) To facilitate execution of its duties, the agriculture revolving loan fund board may

(1) appoint, supervise, and remove an executive director, financial analyst, and other subordinate employees; and

(2) contract for the services of financial analysts and consultants.

ARLF BOARD GUIDELINES FOR RESTRUCTURING
JUNE 25, 1987

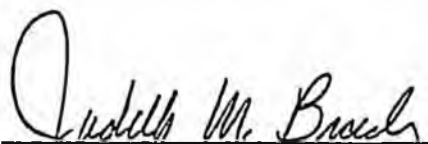
Because of a high incidence of ARLF delinquency, and because options of foreclosure and bankruptcy will in many instances lead to substantial loss of loan fund revenue, loss of loan fund collateral, and disruption of viable farm operations in Alaska, the Director of the Division of Agriculture and the Board of the ARLF are jointly adopting the following guidelines for restructuring of troubled debt.

It is the goal of the Division and of the Board to protect ARLF held collateral and ARLF revenues, and at the same time to encourage producing farmers to continue operating where their operations are financially feasible and can be made economically efficient. This plan is expected to minimize loss to the loan fund by permitting payback of outstanding debt under new terms. It is also expected to transfer the risk of financial failure, and the benefit of financial success, to the producer. It utilizes principles adopted by the American Farm Bureau and standards for troubled debt restructuring approved by the Comptroller of Currency for the US Treasury and by FDIC in their regulation of state and national banks. It is also consistent with Financial Accounting Standard Board Rule 15, and with Alaska statutes dealing with the administration of the ARLF.


The major points of this plan are as follows:

1. The ARLF Board and the Department may originate or receive requests for restructuring. To be eligible the borrower must be in financial trouble.
2. Considerations for restructuring will include but not be limited to projected positive cash flow from operations and other sources after restructuring, documented where possible and with allowance for operating expenses, debt service, and living expenses.
3. Debt consisting of accrued interest and penalties may be wholly or partially extinguished at the discretion of the ARLF, however the borrower must deed to the ARLF assets of value equivalent to the extinguished debt. Assets given up may include both non-farm and farm assets. Upon repayment pursuant to the restructuring plan (see paragraphs 6 and 7 below) farm assets will be returned to the borrower.
4. Total debt after restructuring will include: principal balance plus accrued interest and penalty not extinguished.
5. Any candidate for restructuring must be willing to allow the ARLF to improve its collateral position and/or collateral documentation at the time of restructuring.
6. Two tier levels of debt will be established during the first year based on existing debt to ARLF. The percentage of debt allocated to these tiers and other terms of restructuring, including terms relating to conveyance of assets, lease and repayment, will be as indicated below. The Board may vary terms only if it finds that variance will provide a greater return to ARLF and remain consistent with Financial Accounting Standard Board Rule 15.
 - a. Tier I will be 5% of the Total ARLF Debt, accrue interest at 8% per year and be repaid on an annual basis, amortized with periodic payments compatible with the cash flow of the borrower.
 - b. Tier II will be the remaining 95% of the Total ARLF Debt, and will not accrue interest. However, upon any breach of conditions of restructuring by the borrower, interest on the entire remaining balance will begin accruing at the statutory interest rate on judgements in the State of Alaska.
7. At the end of the first year and annually thereafter and upon receipt of all the required payments for the prior year, 5% of the original debt will be shifted from Tier II to Tier I and begin accruing interest; the balance remaining in Tier II will not accrue interest. This will result in total repayment over a 20 year term.

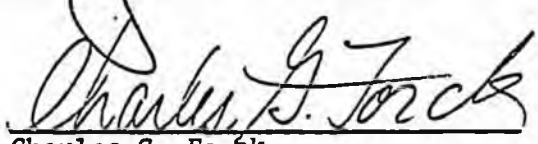
8. Those farm assets given up pursuant to paragraph 3 above, may be leased during the term of the restructured loan for 1% annually of the value of assets applied to reduce debt at the time of restructuring.
9. The borrower may purchase the land and improvements from the State at any time during the period of the restructured loan at an amount equal to the unpaid principal balance of the Restructured ARLF Debt, minus a discount of 1% of each year remaining in the 20 year loan term.
10. At the option of the borrower, existing land clearing loans, both ARLF and AAAC, may be included in tiers 1 and 2 or be placed in moratorium at the time of restructuring. If placed in moratorium, they will accrue interest and will remain in moratorium only so long as the land is devoted to agricultural use.
11. All other loans will be taken off payment moratorium.
12. The restructured loan will have annual review.
13. Borrowers who wish to participate in the debt restructuring must apply by November 1, 1987 and are encouraged to apply immediately.
14. Borrowers who are in default and do not apply or do not qualify for the debt restructuring plan will be subject to immediate foreclosure and deficiency collection action. ARLF may allow a borrower to deed to the ARLF farm and non-farm assets and to retire without further liability, but will consider what efforts have been made by such borrowers to repay loans.



Judith M. Brady
Commissioner of Natural Resources



Mark A. Weaver
Director of Agriculture



Charles G. Forck
Chairman, ARLF Board

TROUBLED DEBT RESTRUCTURING EXAMPLE # 1

NAME: A B C Farms.....DATE.....May 31, 1987.....

LOAN #	PRINCIPLE	INTEREST	PENALTY	EXPENSE	TOTAL
S-100	\$200,000.00	\$ 80,000.00	\$ 20,000.00		\$300,000.00
C-200	\$220,000.00	\$100,000.00	\$ 16,000.00		\$336,000.00
C-300	\$ 20,000.00	\$ 1,200.00	\$ 500.00		\$ 21,700.00
F-400	\$500,000.00	\$ 35,000.00	\$ 2,200.00		\$537,200.00
TOTAL	\$940,000.00	\$216,200.00	\$38,700.00	\$ 0.00	\$1,194,900.00

TOTAL DUE ARLF \$1,194,900.00

LESS ASSETS TRANSFERRED

LAND \$0.00
IMPROVEMENTS \$0.00

TOTAL LESS ASSET TRANSFER \$0.00 \$1,194,900.00

LOAN BALANCE
AFTER RESTRUCTURE \$1,194,900.00

TIER I DEBT \$ 59,745.00
TIER II DEBT \$1,135,155.00

ANNUAL LEASE
PAYMENT \$0.00

PROJECTED ANNUAL
DEBT SERVICE \$ 59,745.00
PROJECTED INTEREST \$ 4,779.60

TOTAL PROJECTED ANNUAL
DEBT SERVICE ON
RESTRUCTURED LOAN \$ 64,524.60

TROUBLED DEBT RESTRUCTURING EXAMPLE # 2

NAME: A B C Farms.....DATE.....May 31, 1987.....

LOAN #	PRINCIPLE	INTEREST	PENALTY	EXPENSE	TOTAL
S-100	\$200,000.00	\$ 80,000.00	\$ 20,000.00		\$300,000.00
C-200	\$220,000.00	\$100,000.00	\$ 16,000.00		\$336,000.00
C-300	\$ 20,000.00	\$ 1,200.00	\$ 500.00		\$ 21,700.00
F-400	\$500,000.00	\$ 35,000.00	\$ 2,200.00		\$537,200.00
					\$0.00
TOTAL	\$940,000.00	\$216,200.00	\$ 38,700.00	\$0.00	\$1,194,900.00

TOTAL DUE ARLF \$1,194,900.00

LESS ASSETS TRANSFERRED

LAND \$ 100,000.00
 IMPROVEMENTS \$ 100,000.00

TOTAL LESS ASSET TRANSFER \$ 200,000.00 \$994,900.00
 LOAN BALANCE AFTER RESTRUCTURE \$ 994,900.00

TIER I DEBT \$ 49,745.00
 TIER II DEBT \$ 945,155.00

ANNUAL LEASE PAYMENT \$ 2,000.00

PROJECTED ANNUAL DEBT SERVICE \$ 51,745.00
 PROJECTED INTEREST \$ 3,979.60

TOTAL PROJECTED ANNUAL DEBT SERVICE ON RESTRUCTURED LOAN \$ 55,724.60

TROUBLED DEBT RESTRUCTURING EXAMPLE # 3

NAME: ABC Farms.....DATE.....May 31, 1987

LOAN #	PRINCIPLE	INTEREST	PENALTY	EXPENSE	TOTAL
S-100	\$200,000.00	\$ 80,000.00	\$20,000.00		\$300,000.00
C-200	\$220,000.00	\$100,000.00	\$16,000.00		\$336,000.00
C-300	\$ 20,000.00	\$ 1,200.00	\$ 500.00		\$ 21,700.00
F-400	\$500,000.00	\$ 35,000.00	\$ 2,200.00		\$537,200.00

Total \$940,000.00 \$216,200.00 \$ 38,700.00 \$0.00 \$1,194,900.00

TOTAL DUE ARLF \$1,194,900.00

LESS ASSETS TRANSFERRED

LAND \$ 300,000.00
 IMPROVEMENTS \$ 200,000.00

TOTAL LESS ASSET
 TRANSFER \$ 500,000.00 \$694,900.00

LOAN BALANCE AFTER
 RESTRUCTURE \$ 940,000.00

TIER I DEBT \$ 47,000.00
 TIER II DEBT \$ 893,000.00

ANNUAL LEASE PAYMENT \$ 2,549.00

PROJECTED ANNUAL DEBT
 SERVICE \$ 49,549.00
 PROJECTED INTEREST \$ 3,760.00

TOTAL PROJECTED ANNUAL
 DEBT SERVICE ON
 RESTRUCTURED LOAN \$ 53,309.00

FARM FINANCIAL ASSISTANCE TO THE DELTA AREA FARMERS
THROUGH LEGISLATION AND ARLF RESTRUCTURING PLANS

TYPE OF OPERATION	-	POTATOES	-	
DEBT TO THE STATE OF ALASKA		PRIOR TO SB 349	AFTER RELINQUISHMENT SB 349	AFTER RESTRUCTURE OF ARLF DEBT
ARLF				
Principal		\$ 118,275.42	\$ 229,195.82	Does Not Apply Borrower Not in Trouble
Interest				
Penalty				
Expense				
SUBTOTAL		\$ 118,275.42	\$ 229,195.82	
GRAIN RESERVE				
Principal				
Interest				
Penalty				
SUBTOTAL				
CLEARING LOANS				
Principal		\$ 648,972.76		
Interest		\$ 20,104.02		
Admin. Fees				
SUBTOTAL		\$ 669,076.78		
ADL CONTRACTS				
Principal		\$ 600,702.59	\$ 162,899.56	
Interest				
Penalty				
SUBTOTAL		\$ 600,702.59	\$ 162,899.56	
TOTAL DEBT TO STATE		\$1,388,054.79	\$ 392,095.38	
ANNUAL DEBT SERVICE TO STATE		\$ 139,196.83	\$ 84,983.30	
ACRES IN OPERATION		4300	4300	
Owens 4345.38				

This borrower is a potato producer on the Delta Project. He has participated in relinquishment with repurchase of land and write off of most land and all clearing loan debt.

Total debt reduction is approximately 72% of the original debt.

Annual debt service after the relinquishment is 61% of the original debt service prior to participation in Delta Debt Relief. This includes a new loan approval after the relinquishment. Prior to the new loan approval, annual debt service was 39.1% of the original debt.

FARM FINANCIAL ASSISTANCE TO THE DELTA AREA FARMERS
THROUGH LEGISLATION AND ARLF RESTRUCTURING PLANS

TYPE OF OPERATION	-	LIVESTOCK	-	DEBT TO THE STATE OF ALASKA	PRIOR TO SB 349	AFTER RELINQUISHMENT SB 349	AFTER RESTRUCTURE OF ARLF DEBT
ARLF							
Principal		\$ 146,056.41		N/A not in Delta project		\$ 146,056.41	
Interest		\$ 24,276.38				\$ 24,276.38	
Penalty		\$ 5,951.90				\$ 5,951.90	
Expense		-0-				-0-	
SUBTOTAL		\$ 176,284.69				\$ 176,284.69	
GRAIN RESERVE							
		N/A		N/A			
Principal							
Interest							
Penalty							
SUBTOTAL							
CLEARING LOANS							
		N/A		N/A			
Principal							
Interest							
Penalty							
SUBTOTAL							
ADL CONTRACTS							
Principal		\$ 282.15					Moratorium
Interest		\$ 11,789.43					
Penalty							
SUBTOTAL		\$ 40,004.43					
TOTAL DEBT TO STATE		\$ 216,289.12				\$ 216,289.12	
ANNUAL DEBT SERVICE TO STATE		\$ 48,899				\$ 9,519.37	

ACRES IN OPERATION - 602 Tillable

This borrower is located in the Delta area; raises livestock and is not a project farm in Delta I or Delta II.

Debt service after restructure equals 19.4% of the original debt service.

FARM FINANCIAL ASSISTANCE TO THE DELTA AREA FARMERS
THROUGH LEGISLATION AND ARLF RESTRUCTURING PLANS

TYPE OF OPERATION	GRAIN		
DEBT TO THE STATE OF ALASKA	PRIOR TO SB 349	AFTER RELINQUISHMENT SB 349	AFTER RESTRUCTURE OF ARLF DEBT
ARLF			
Principal	\$ 400,767.13	\$ 400,767.13	\$ 400,767.13
Interest	\$ 28,464.54	\$ 28,464.54	\$ 28,464.54
Penalty	\$ 4,402.06	\$ 4,402.06	\$ 4,402.06
Expense	-0-	-0-	-0-
SUBTOTAL	\$ 433,633.73	\$ 433,633.73	\$ 433,633.73
GRAIN RESERVE			
Principal	\$ 94,080.70	\$ 94,080.70	\$ 94,080.70
Interest	\$ 474.27	\$ 474.27	\$ 474.27
Penalty	-0-	-0-	-0-
SUBTOTAL	\$ 94,554.97	\$ 94,554.97	\$ 94,554.97
CLEARING LOANS			
Principal	\$ 309,860.00		
Interest	\$ 11,037.67		
Admin. Fees	\$ 4,705.65		
SUBTOTAL	\$ 325,603.32	-0-	-0-
ADL CONTRACTS			
Principal	\$ 285,000.00		
Interest	\$ 145,140.30		
Penalty	-0-		
SUBTOTAL	\$ 430,140.30	-0-	-0-
TOTAL DEBT TO STATE	\$ 1,283,932.32	\$ 528,188.70	\$ 528,188.70
ANNUAL DEBT SERVICE TO STATE	* \$ 171,334.00	* \$ 102,386.00	* \$ 23,416.22
ACRES IN OPERATION	1882	1882	1882

*Includes two operating loans due and past due. Does not include grain reserve loan due in full 11/20/89.

This borrower is a grain producer with Delta project land and is participating in relinquishment and has been offered restructuring. The total debt reduction through these plans equals 58%.

Annual debt service decreased from 171,334 per year to 23,416 per year, 13.6% of the original debt service.

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.

Eff. 9/5/86

Alaska Statutes

Title 3. Agriculture and Animals

Chapter

- 05. Powers and Duties of Commissioners of Natural Resources and Environmental Conservation (§ 03.05.015)
- 10. Alaska Agricultural Loan Act (§§ 03.10.020, 03.10.030)
- 12. Alaska Grain Reserve Program (§§ 03.12.020 — 03.12.040, 03.12.200)
- 13. Federal Crop Insurance Contributions (§§ 03.13.010 — 03.13.050)
- 19. Small Grain Incentive Program (Repealed)
- 22. Plant Materials Center (§ 03.22.030)
- 40. Brands and Marks (§§ 03.40.160, 03.40.170)
- 45. Diseased Livestock (§§ 03.45.060, 03.45.070)
- 55. Dogs (§ 03.55.070)

Chapter 05. Powers and Duties of Commissioners of Natural Resources and Environmental Conservation.

Section

15. Agricultural production credits

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.

Effective dates. — Section 3, ch. 110,

SLA 1986, makes this section effective June 8, 1986, in accordance with AS 01.10.070(c). -

Chapter 10. Alaska Agricultural Loan Act.

Section

20. Powers of the department

30. Limitations on loans

Sec. 03.10.020. Powers of the department. (a) The department may

- (1) make a loan to
 - (A) an individual resident farmer, homesteader, or a partnership or corporation composed of farmers and homesteaders for
 - (i) clearing land for agricultural purposes;
 - (ii) development of farms;
 - (iii) storage and processing of farm produce; or
 - (iv) the purchase of livestock or machinery;
 - (B) an individual state resident, or a partnership or corporation for
 - (i) storage and processing plants for agricultural products;
 - (ii) the commercial production or processing of horticultural products in the state;
 - (iii) the commercial production or processing of animal feed in the state; or
 - (iv) the raising or care of animals in the state for the purpose of marketing their fur;
- (2) designate agents and delegate its powers to them as necessary;
- (3) adopt rules and regulations necessary to carry out its functions;
- (4) establish amortization plans for repayment of loans, which may include delayed payments of principal and interest for not to exceed five years;
- (5) enter into agreements with private lending institutions, other state agencies or agencies of the federal government, to carry out the purposes of this chapter.

(b) In this section "horticultural products" means vegetables, fruit plants, grass seed, sod, tree seedlings, ornamental plants, foliage, or flowering plants, grown in a greenhouse or nursery. (§ 4 ch 122 SLA 1953; am § 1 ch 156 SLA 1955; am § 1 ch 41 SLA 1961; am § 1 ch 113 SLA 1982; am §§ 1, 2 ch 82 SLA 1984)

Effect of amendments. — The 1984 present subsection (a) and added subsection (b). amendment rewrote paragraph (1) of

Sec. 03.10.030. Limitations on loans. (a) A farm development, chattel, or irrigation loan made under this chapter

- (1) may not exceed a term of 30 years, except that a chattel loan may not exceed a term of seven years;

§ 03.10.030

§ 03.10.030

AGRICULTURE AND ANIMALS

§ 03.10.030

1 Act.

(2) may not, when added to the outstanding balance of other loans made under this chapter, exceed a total outstanding balance of \$1,000,000;

department

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

partnership or

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

corporation for
ducts;

(b) [Repealed, § 72 ch 113 SLA 1982.]

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(c) A short term loan, to be amortized within one year, not to exceed \$350,000 to any one borrower may be made for operating purposes, except that a loan made under this subsection may not exceed \$200,000 unless the loan is made to a borrower in a farm disaster area declared under AS 03.10.058. An applicant for a short term loan may be required to purchase insurance through the Federal Crop Insurance Act (7 U.S.C. 1501 — 1520) as a condition of the loan. The term of a loan made under this subsection may be extended for up to three years by the agricultural revolving loan fund board, in the discretion of the board, upon application by the borrower.

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(d) [Repealed, § 72 ch 113 SLA 1982.]

e purpose of

(e) An installment payment is delinquent unless it is mailed by the borrower on or before the 30th day after the date specified for payment in the loan agreement or unless it is received by the department on or before the 30th day after the date specified for payment in the loan agreement. If an installment payment is delinquent, the director of the division of agriculture of the department may assess a delinquency penalty. The delinquency penalty shall be an amount equal to seven percent of the delinquent payment, but the combined delinquency penalty and loan interest may not exceed 15 percent.

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(f) A farm product processing loan may not exceed \$250,000. A mortgage which secures a farm product processing loan may be of any priority if the total indebtedness on the real estate, including the secured farm product processing loan, does not exceed \$250,000. A farm product processing loan which, if made, would raise the existing indebtedness on the real estate securing the loan above \$250,000, or a farm product processing loan on real estate which has a prior indebtedness of \$250,000 or more, may be made only if all prior mortgagees agree to subordinate their mortgages to that of the state for the amount of the farm product processing loan which exceeds the \$250,000 indebtedness limit on the real estate. A farm product processing loan may not exceed a term of 30 years or bear interest that is less than eight percent a year and shall be secured by a real estate or chattel mortgage or both.

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(g) A loan for clearing land may not

- (1) exceed \$250,000;
- (2) bear interest that is less than eight percent;
- (3) have a term in excess of 20 years; or
- (4) be made for clearing land other than land that has been classified by the United States Department of Agriculture, Soil Conservation Service under the Land Capability Classification System as having agricultural potential for the production of annual crops, hay, or for pasture.

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

- (1) encourage agricultural development;
- (2) do not subsidize nonviable agricultural enterprises; and
- (3) do not discriminate against viable existing agricultural enterprises.

(i) A person is not eligible for a loan under this chapter if the person has a past due child support obligation established by court order or by the child support enforcement division under AS 47.23.160 — 47.23.220 at the time of application. (§ 4 ch 122 SLA 1953; am § 1 ch 156 SLA 1955; am § 1 ch 41 SLA 1961; am § 1 ch 144 SLA 1966; am § 1 ch 78 SLA 1967; am § 1 ch. 135 SLA 1970; am § 1 ch 22 SLA 1974; am § 1 ch 18 SLA 1975; am §§ 1 — 4 ch 50 SLA 1979; am § 74 ch 106 SLA 1980; am §§ 1 — 3 ch 7 SLA 1982; am §§ 2 — 5, 72 ch 113 SLA 1982; am §§ 1, 2 ch 38 SLA 1983; am § 5 ch 6 SLA 1984; am §§ 3, 4 ch 82 SLA 1984; am § 1 ch 143 SLA 1984; am § 1 ch 116 SLA 1986)

Effect of amendments. — The first 1984 amendment inserted "of the division of agriculture of the department" in the second sentence of subsection (e).

The second 1984 amendment added the last sentence of subsection (c) and rewrote paragraph (4) of subsection (g).

The third 1984 amendment added the second sentence of subsection (c).

The 1986 amendment added subsection (i).

Chapter 12. Alaska Grain Reserve Program.

Section

20. Duties of the department

30. Conditions on loans

40. Alaska grain reserve revolving loan fund

Section

200. Definition

§ 03.10.030

§ 03.12.020

AGRICULTURE AND ANIMALS

§ 03.12.030

Sec. 03.12.020. Duties of the department [Repealed effective January 1, 1988]. In carrying out the purposes of this chapter the department shall

(1) make loans to state grain producers under the conditions set out in this chapter;

(2) administer and inspect stored grain held as collateral for loans made under this chapter; and

(3) administer the Alaska grain reserve revolving loan fund (AS 03.12.040). (§ 1 ch 100 SLA 1983; am § 1 ch 109 SLA 1984)

Sec. 03.12.030. Conditions on loans [Repealed effective January 1, 1988]. (a) The department may make a loan to a state grain producer secured by grain grown by that producer in 1983 — 1987. Grain that is used as collateral for a loan made under this chapter must be graded number four or better, except that hullless barley may be accepted as collateral under conditions determined by the commissioner.

(b) The amount of a loan made under this chapter is determined by multiplying 90 percent of the United States Department of Agriculture target price per ton for the type and grade of grain offered as collateral by the total tonnage of the collateral.

(c) The interest rate on a loan made under this chapter is equal to the interest rate on a loan made under AS 03.10.030(a).

(d) Grain that is held as collateral for a loan made under this chapter shall be stored in a storage facility approved by the department. The borrower may provide storage for the grain if the department determines that the storage provided by the borrower will adequately protect the department's interest in the grain. The department may inspect a storage facility provided by a borrower at any time and shall adopt regulations setting standards for storage facilities. Storage costs shall be paid to the borrower by the department during the term of the loan at the United States Department of Agriculture grain reserve loan storage rate.

(e) A borrower may not remove, sell, or otherwise dispose of grain held as collateral for a loan under this chapter without the consent of the department. All proceeds from the sale of collateral, up to an amount equal to the value originally assigned to that collateral under (b) of this section, plus accrued interest on the portion of the loan secured by that collateral, shall be applied to the outstanding balance of the loan.

(f) A loan made under this chapter shall be for a term that may not exceed three years. The borrower shall make annual payments of accrued interest during the term of the loan.

(g) In this section references to grain grading standards, target prices, volume or weight calculations and inspection standards, indi-

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cate standards, prices, or calculations that are in accordance with applicable United States Department of Agriculture standards.

(h) A loan may not be made under this chapter to a producer that is eligible to participate in federal grain reserve loan programs. (§ 1 ch 100 SLA 1983; am § 2 ch 109 SLA 1984; am § 1 ch 35 SLA 1986)

Revisor's notes. — In 1984, "of the Department of Natural Resources," added at the end of the second sentence in subsection (a) in 1984, was deleted.

Effect of amendments. — The 1984 amendment added "except that hullless barley may be accepted as collateral un-

der conditions determined by the commissioner" at the end of the second sentence in subsection (a).

The 1986 amendment, effective May 26, 1986, in subsection (a) substituted "1983 — 1987" for "1983 or 1984."

Sec. 03.12.040. Alaska grain reserve revolving loan fund [Repealed effective January 1, 1988]. The Alaska grain reserve revolving loan fund is established in the department for the purpose of financing loans made under this chapter. The fund consists of appropriations made to it by the legislature and repayments of principal and accrued interest on loans made from the fund. (§ 1 ch 100 SLA 1983; am § 3 ch 109 SLA 1984)

Effect of amendments. — The 1984 amendment inserted "revolving" in the catchline and in the first sentence and

added "and repayments of principal and accrued interest on loans made from the fund" at the end of the second sentence.

Sec. 03.12.200. Definitions [Repealed effective January 1, 1988]. In this chapter

- (1) "commissioner" means the commissioner of natural resources;
- (2) "department" means the Department of Natural Resources;
- (3) "fund" means the Alaska grain reserve revolving loan fund; and
- (4) "grain" means barley, wheat or oats. (§ 1 ch 100 SLA 1983; am § 4 ch 109 SLA 1984)

Effect of amendments. — The 1984 amendment inserted "revolving" in paragraph (3).

Chapter 13. Federal Crop Insurance Contributions.

Section
 10. Agreement with Federal Crop Insurance Corporation
 20. Amount of contributions

Section
 30. Limitation
 40. Appropriations
 50. Definitions

§ 03.12.200

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effective May 26, 1983 substituted "1983 or 1984."

loan fund [Repealed] grain reserve or the purpose of consists of appropriations of principal § 1 ch 100 SLA

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January 1,

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§ 03.13.010

AGRICULTURE AND ANIMALS

§ 03.13.050

Sec. 03.13.010. Agreement with Federal Crop Insurance Corporation. The department shall enter into an agreement with the Federal Crop Insurance Corporation under which the department agrees to pay to the corporation a portion of federal crop insurance premiums paid by producers of agricultural commodities in this state. The agreement shall provide for a corresponding reduction in the federal crop insurance premium paid by those producers. (§ 2 ch 143 SLA 1984)

Sec. 03.13.020. Amount of contributions. Under the agreement, the department shall pay to the corporation for each covered producer an amount equal to the amount that the corporation pays for that producer under 7 U.S.C. 1508(b)(3) of the Federal Crop Insurance Act (7 U.S.C. 1501 — 1520), except as provided otherwise in this chapter. (§ 2 ch 143 SLA 1984)

Sec. 03.13.030. Limitation. Thirty percent of each producer's premium, as calculated by the corporation, on coverage of up to 65 percent of the recorded or appraised average yield, as adjusted, shall be paid by the state. (§ 2 ch 143 SLA 1984)

Sec. 03.13.040. Appropriations. (a) The payments to the corporation shall be made from funds appropriated from the general fund to the department for that purpose.

(b) If for any year the amount appropriated is insufficient to fully fund the contribution required by AS 03.13.020, the department shall allocate funds on a first come basis. (§ 2 ch 143 SLA 1984)

Sec. 03.13.050. Definitions. In this chapter, "corporation" means the Federal Crop Insurance Corporation (7 U.S.C. 1503). (§ 2 ch 143 SLA 1984)

Chapter 19. Small Grain Incentive Program.

[Repealed, § 6 ch 6 SLA 1984.]

Chapter 22. Plant Materials Center.

Section

30. Center site, buildings and equipment

Sec. 03.22.030. Center site, buildings and equipment [Effective July 1, 1987]. The department shall obtain a site, either by donation, lease, or purchase, and erect suitable buildings on the site, if they are needed for the use of the plant materials center. The department shall also acquire the agricultural land, scientific instruments and equipment necessary to carry on the work of the center. Acquisition of scientific instruments and equipment under this section is governed by AS 36.30 (State Procurement Code). (§ 1 ch 138 SLA 1972; am § 3 ch 106 SLA 1986)

Effect of amendments. — The 1986 amendment, effective July 1, 1987, added the last sentence.

Chapter 40. Brands and Marks.

Section

160, 170. [Repealed]

Sec. 03.40.160. Slaughter permit. [Repealed, § 23 ch 81 SLA 1984.]

Sec. 03.40.170. Penalty regarding slaughter permit. [Repealed, § 1 ch 21 SLA 1985.]

Chapter 45. Diseased Livestock.

Section

60. Procedure for quarantine and destruction of animals

Section

70. Compensation to owners of dairy cattle destroyed; records to be kept

Sec. 03.45.060. Procedure for quarantine and destruction of animals. (a) After inspection and test, the inspector described in AS 03.45.050 shall determine whether the animal inspected is subject to quarantine, slaughter or destruction.

(b) If the inspector determines that the animal is subject to quarantine, the inspector shall prescribe the conditions and the length of time the animal is subject to quarantine.

(c) If the inspector determines that the animal should be slaughtered or destroyed, the inspector may condemn and have the animal slaughtered or destroyed in the manner the inspector determines. Reimbursement may be allowed for the slaughter or destruction of dairy cattle only. In such case, the inspector and the owner shall appraise the dairy cattle at a fair valuation without regard to the disease. Where they cannot agree as to the value of the animal, the owner and

§ 03.45.060

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AGRICULTURE AND ANIMALS

§ 03.55.070

inspector may select a disinterested third party to aid in the appraisal. Where they cannot agree on the selection of a third party, a peace officer in the judicial district where the inspection is made may designate a third disinterested party to act with the inspector and owner to determine the value of the animal. The amount realized from the sale of the carcass of the slaughtered animal shall be paid to the owner of the animal and the inspector shall certify to the commissioner of environmental conservation the name and address of the owner, the date the animal was condemned, the appraised value of the animal, together with the net sum realized from the salvage thereof, or which could have been realized. (§ 33-3-16 ACLA 1949; am § 2 ch 181 SLA 1955; am § 7 ch 6 SLA 1984)

Effect of amendments. — The 1984 conservation" in the last sentence in sub-amendment inserted "of environmental section (c).

Sec. 03.45.070. Compensation to owners of dairy cattle destroyed; records to be kept. The commissioner of environmental conservation may enter into cooperative agreements with the United States Department of Agriculture for controlling diseases among dairy cattle and may match federal indemnity payments for livestock slaughtered thereunder, from any funds available. The commissioner shall keep a record of all payments made, with a copy of the inspector's certification of appraised value and salvage value. (§ 33-3-17 ACLA 1949; am § 3 ch 181 SLA 1955; am § 8 ch 6 SLA 1984)

Effect of amendments. — The 1984 amendment inserted "of environmental conservation" in the first sentence.

Chapter 55. Dogs.

Section

70. Power of village council to control dogs

Sec. 03.55.070. Power of village council to control dogs. (a) A village council duly elected by residents of an unincorporated village not within an organized borough may destroy loose dogs in the village and may otherwise control dogs to the extent authorized first class cities.

(b) The council may impose and enforce the provisions of a dog control ordinance in the total area within 20 miles of the village. The ordinance must generally describe the area in which it is imposed. If

two villages having dog control ordinances lie within 40 miles of each other, the jurisdiction of each village terminates at a point midway between them. (§ 4 ch 120 SLA 1962; am § 7 ch 109 SLA 1966)

Revisor's notes. — Enacted as 18.75.040. Renumbered in 1986.

Cross references. — For power of municipalities to regulate licensing, impounding, and disposition of animals, see AS 29.35.210(a)(3).

Collateral references. — 4 Am. Jur. 2d, Animals, §§ 20-25, 40-45.

Justifiable destruction of animal, 37 Am. Jur. POF2d, pp. 711-738.

3A C.J.S., Animals, §§ 11-13, 287-289.

Police power as authorizing statute providing for destruction of dogs. 56 ALR2d 1033.

Construction and application of ordinances relating to unrestrained dogs, cats, or other domesticated animals. 1 ALR4th 994.

11 AAC 38.130. REPORTS AND FORMS
REQUIRED. Repealed 9/1/82.

ARTICLE 3.
IMPORTATION AND USE
OF BIOLOGICAL PRODUCTS

Section
200. (Repealed)
210. (Repealed)

11 AAC 38.200. MANUFACTURE AND
IMPORTATION RESTRICTIONS. Repealed
9/1/82.

11 AAC 38.210. USE RESTRICTIONS.
Repealed 9/1/82.

ARTICLE 4.
GENERAL PROVISIONS

Section
300. (Repealed)

11 AAC 38.300. DEFINITIONS. Repealed
9/1/82.

CHAPTER 39.
AGRICULTURAL REVOLVING
LOAN FUND

Article

- 1. Powers and Duties
(11 AAC 39.010-11 AAC 39.100)
- 2. Loan Requirements
(11 AAC 39.101-11 AAC 39.291)
- 3. Loan Approval Procedure
(11 AAC 39.301-11 AAC 39.391)
- 4. Loan Administration
(11 AAC 39.401-11 AAC 49.501)
- 5. General Provisions (11 AAC 39.911)

ARTICLE 1.
POWERS AND DUTIES

Section

- 10. (Repealed)
- 11. Duties of department and board
- 12. Loans made by the commissioner
- 20. (Repealed)
- 21. Board officers
- 30. (Repealed)
- 31. Meetings of the board
- 40. (Repealed)
- 41. Board conflict of interests
- 50. (Repealed)
- 51. Employee conflict of interests
- 60. (Repealed)
- 61. Public and confidential records
- 71. (Reserved)
- 81. (Reserved)
- 91. (Reserved)
- 100. (Repealed)

11 AAC 39.010. TYPES AND TERMS OF
LOANS AVAILABLE. Repealed 12/1/84.

11 AAC 39.011. DUTIES OF DEPART-
MENT AND BOARD. (a) The department and
the board jointly administer the fund. The
respective duties of the department and board
are set out in (b) and (c) of this section.

(b) The department will

(1) set policy, after consultation with the
board, for the administration of the fund;

(2) provide administrative support and staff
for the board;

- (3) receive and process loan applications;
- (4) disburse, receive, and audit fund money;
- (5) supervise and service loans;
- (6) provide information and services to the public; and
- (7) provide independent financial and management analyses of each loan application.

(c) The board will

- (1) formulate policy recommendations for department consideration, including the terms under which loans from the fund will be made;
- (2) make loans from the fund, except as provided in 11 AAC 39.012;
- (3) make changes in loan terms, and take action to authorize foreclosures and other legal actions; and
- (4) establish uniform broad criteria, standards, and procedures with respect to decisions on certain categories or classes of loans. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.050

11 AAC 39.012. LOANS MADE BY THE COMMISSIONER. The commissioner will, in his or her discretion, make a loan of up to \$25,000 to an existing borrower of the fund who is in good standing, unless the loan request was previously disapproved by the board, the borrower has had a loan from the fund for less than one year, or the borrower has had a commissioner-approved loan within the previous year. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.050

11 AAC 39.020. USE OF FUNDS. Repealed 12/1/84.

11 AAC 39.021. BOARD OFFICERS. The board will elect from its members a chair who will preside at its meetings and a vice chair who

will preside in the chair's absence. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.050

11 AAC 39.030. APPLICATION REQUIREMENTS FOR A LOAN. Repealed 12/1/84.

11 AAC 39.031. MEETINGS OF THE BOARD. (a) The board will hold at least eight meetings a year. Additional meetings may be called by the chair or on the concurrence of any three members. In an emergency, the director of the division may call a meeting for the sole purpose of considering matters in executive session under (c) of this section.

(b) A majority of the members constitutes a quorum and business will not be transacted unless a quorum is present.

(c) Meetings of the board are open to the public, except that a meeting or those portions of meetings in which the board acts on applications for loans or changes in loan terms will be held in executive session. The public portion of any meeting will be recorded and a summary will be incorporated into the minutes of that meeting. Written minutes of the public portion of a meeting will be made available to the public under 11 AAC 39.061(b).

(d) Notice of meetings of the board which are open to the public under (c) of this section will be published in newspapers of general circulation within the agricultural communities of the state at least 15 days before the date of the meeting. The notice will provide the date, time, place of meeting, and purpose of the meeting. Notice of meetings will, in the board's discretion, also be posted in department offices and included in department newsletters and publications.

(e) In an emergency, the board will, in its discretion, meet by teleconference with respect to matters which may be discussed in executive session under (c) of this section. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.050

11 AAC 39.040. LOAN LIMITATIONS, TERMS, RATES, AND ELIGIBILITY. Repealed 12/1/84.

11 AAC 39.041. BOARD CONFLICT OF INTERESTS. (a) No board member may discuss, consider, or vote on a loan in which that member has a direct or indirect financial interest or stake. A member has a direct or indirect financial interest or stake in the following:

(1) a loan to the member or member's immediate family;

(2) a loan to a corporation, partnership, or joint venture in which the member or anyone in the member's immediate family is an officer, director, or partner; or owns stock; or otherwise holds an ownership interest;

(3) a loan to a cooperative or other organization in which the member or anyone in the member's immediate family who is living in the same household is an officer or director;

(4) a loan the proceeds of which may be used in whole or in part to satisfy a debt or obligation to the member or someone in the member's immediate family; and

(5) a loan to a direct competitor of the member or anyone in the member's immediate family.

(b) If a member believes that he or she may have a conflict of interest with respect to a loan, the member shall declare the potential conflict of interests to the board before the loan is considered. If a member declares a potential conflict of interests, the board will discuss the potential conflict before the loan is considered, for the purpose of determining whether a conflict of interests exists.

(c) If a majority of the board determines that a member has a conflict of interests, or the appearance of a conflict of interests, with respect to a loan, and the member refuses to abstain, the board will, in its discretion, vote to disqualify that member from discussing, considering, or voting on the loan.

(d) If a member determines that he or she has a conflict of interest with respect to a loan, the

member shall abstain from discussing, considering, and voting on the loan.

(e) If a member determines that he or she does not have a conflict of interests with respect to a loan, but believes that there is an appearance of a conflict of interests, the member may abstain from discussing, considering, or voting on the loan. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.050

11 AAC 39.050. THE AGRICULTURAL REVOLVING LOAN FUND BOARD. Repealed 12/1/84.

11 AAC 39.051. EMPLOYEE CONFLICT OF INTERESTS. (a) No employee may receive a loan under this chapter, except for a short-term loan, while employed by the division and for one year following the termination of his or her employment with the division.

(b) No later than April 15 of each year, an employee of the division shall file a report with the commissioner and the board, covering the previous calendar year, which lists the following:

(1) every interest in agricultural land in the state held by the employee or the employee's spouse;

(2) every source of in-state agricultural or farm-related income received by the employee or the employee's spouse which exceeds \$100;

(3) any membership and ownership interests in entities which are borrowers under this chapter;

(4) every source of income or other assets received by the employee or the employee's spouse from borrowers under this chapter; and

(5) any income in excess of \$100 received from sales of property, loans, and other business transactions between a borrower under this chapter and the employee or the employee's spouse.

(c) No employee of the division may discuss, review, consider, or approve an application for a loan in which the employee has a direct or

indirect financial interest or stake. An employee has a direct or indirect financial interest or stake in the following:

(1) a loan to the employee or the employee's immediate family;

(2) a loan to a corporation, partnership, or joint venture in which the employee or anyone in the employee's immediate family is a partner, officer, or director, or owns stock, or otherwise holds an ownership interest;

(3) a loan to a cooperative or other organization in which the employee or anyone in the employee's immediate family who is living in the same household is an officer or director; and

(4) a loan the proceeds of which may be used in whole or in part to satisfy a debt or obligation to the employee or someone in the employee's immediate family.

(d) If an employee, the board, or the department determines that the employee has a conflict of interests or the appearance of a conflict of interests with respect to a loan, the employee shall abstain from discussing, reviewing, considering, or approving the application for the loan.

(e) An employee who violates this section is, in addition to other penalties provided by law, subject to dismissal. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.050

11 AAC 39.060. APPROVAL BY BOARD AND COMMISSIONER. Repealed 12/1/84.

11 AAC 39.061. PUBLIC AND CONFIDENTIAL RECORDS. (a) All records relating to the fund are public information, except for those which are confidential under (c) of this section.

(b) Notices of meetings and minutes of meetings will be made available to the public upon request.

(c) "Confidential records" means

(1) loan applications;

(2) income tax returns;

(3) financial statements, profit-and-loss statements, and cash-flow projections;

(4) business and personal history;

(5) financial farm plans;

(6) credit reports from consumer reporting agencies and other credit information obtained from banks and creditors;

(7) employment and bank account verifications;

(8) loan status information including payment history of borrowers, correspondence concerning status of loans, payments received, delinquent notices and payments less than 90 days in arrears, and notices of default, unless a matter of public record;

(9) loan resumes;

(10) executive session loan board reports;

(11) financial and management analysis of loan applications;

(12) appraisals;

(13) construction contracts, construction, and material bids and quotes;

(14) purchaser and supplier contracts;

(15) market surveys and marketing strategy information not a matter of public record;

(16) any information required to be kept confidential by state or federal statutes or regulations; and

(17) any other information that a person desires to keep private and that, if disseminated, would tend to cause substantial concern, anxiety, or embarrassment to a reasonable person.

(d) Requests to inspect and copy public records will be processed in accordance with 6 AAC 95.

(e) An employee who discloses information made confidential under (c) of this section is, in addition to other penalties provided by law, subject to dismissal. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020 AS 09.25.110
AS 03.10.050 AS 09.25.120

11 AAC 39.071 – 11 AAC 39.091. Reserved.

11 AAC 39.100. DEFINITIONS. Repealed 12/1/84.

Editor's Note: Effective 12/1/84, definitions for 11 AAC 39 are located in 11 AAC 39.911.

ARTICLE 2. LOAN REQUIREMENTS

Section

- 101. Applications for loans
- 111. Qualifying loan purposes
- 131. Short-term loans
- 141. Farm development loans
- 151. Irrigation loans
- 161. Chattel loans
- 171. Farm product processing loans
- 181. Land clearing loans
- 191. Overall maximum loan limit
- 201. Application of loan limits
- 211. Loans to delinquent borrowers
- 221. Additional conditions for new farm development projects
- 231. Other conditions of loans
- 241. Terms of loans
- 251. Residency
- 261. (Reserved)
- 271. (Reserved)
- 281. (Reserved)
- 291. (Reserved)

11 AAC 39.101. APPLICATIONS FOR LOANS. (a) Each loan application must be submitted on a form prescribed by the department and accompanied by

(1) an application fee, set by the board, sufficient to cover the cost of a credit report and processing;

(2) a business history and tax returns, for the last three years, of the borrower and of any person owning 10 percent or more of the business for which the loan is to be used;

(3) proof that the applicant is a state resident, as defined in 11 AAC 39.251;

(4) current financial statements including, as a minimum, a balance sheet and a profit-and-loss statement for each of the persons specified in (2) of this subsection;

(5) a statement of intent stating the amount requested, a description detailing the proposed use of the loan proceeds, and the plan of repayment of the loan;

(6) a list of intended collateral, stating date of acquisition, cost, location, market value, and existing liens;

(7) pro forma financial statements which show the projected income and expenses for the following year;

(8) cash-flow projections demonstrating the ability to make loan payments;

(9) a five-year farm development plan including projected borrowing needs;

(10) a statement of whether the applicant has ever been the subject of a bankruptcy action; and

(11) a resume of agricultural experience and education.

(b) A loan application may be submitted to any loan office of the division. A loan application will be presented to the board at a meeting under 11 AAC 39.031, if it is complete, complies with this chapter, and, except in the case of emergencies, is received by the division at least 14 days before the date of the meeting.

(c) A corporation applying for a loan shall submit a current certificate of good standing in the state and a corporate resolution authorizing the corporation to borrow from the fund. A partnership or joint venture applying for a loan shall submit the partnership or joint venture agreement and proof of the authority to borrow from the fund. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.030