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MAR 2 1983

# MEMORANDUM

# State of Alaska

TO: John Manly  
Professional Assistant  
House Resources Committee  
Alaska State Legislature

DATE: March 2, 1983

FILE NO:

TELEPHONE NO: 465-2400

*R. D. Arnold*  
FROM: Robert D. Arnold  
Deputy Commissioner  
Department of Natural Resources

SUBJECT: HB 156 Comments

At yesterday's hearing on HB 156, I told the Committee that, in the event the Legislature decides to establish a grain reserve program such as that envisioned in the bill, some additional provisions should be considered. At the Committee's request, I am furnishing those suggestions.

- 1) A system for removing previous liens on grain offered;
- 2) A specific time period and price formula for release of grain from the storage reserve;
- 3) Definition of loan period and what happens to the grain at the end of the loan (as far as interest payments and ownership);
- 4) Identification of the bearer of costs while grain is in storage; and
- 5) Dollar limits to the program.

## FILE COPY

# MEMORANDUM

# State of Alaska

DEPARTMENT OF NATURAL RESOURCES - DIVISION OF AGRICULTURE

TO: Sharon Barton  
Special Assistant

DATE: February 10, 1983

FILE NO:

TELEPHONE NO:

FROM: Ed Kern *EJK*  
Development Specialist

SUBJECT: Grain Grading  
Station Equipment

Carter Day Dockage Tester (FOB Minneapolis, Minn)	\$ 3,744.00
Barley riddle and sieves	216.00
Wheat riddle and sieves	152.00
Burrows (FOB Illinois)	
Boerner divider	595.00
Extension kit	119.00
Barley sieve kit	90.50
Filling hopper and stand	198.00
Boerner weight per bu apparatus (print-out)	1,750.00
Shadow graph scales	928.00
Armstrong scales	610.00
Gram scales	111.50
Laboratory torsion balance scale	470.00
Weight set	137.00
Sieve shaker	795.00
Motomco moisture meter	640.00
Barley pearler	350.00
Miscellaneous (picks, lights, pewter dishers, magnifying glass, etc.)	750.00
	<hr/>
Equipment costs	\$11,656.00
Set-up & freight estimate	3,344.00
	<hr/>
Total	\$15,000.00

## FILE COPY

DESIGNATION AS AN OFFICIAL AGENCY  
FOR OFFICIAL INSPECTION  
UNDER THE U.S. GRAIN STANDARDS ACT, AS AMENDED,  
FROM THE FEDERAL GRAIN INSPECTION SERVICE  
UNITED STATES DEPARTMENT OF AGRICULTURE  
TO  
ALASKA DEPARTMENT OF NATURAL RESOURCES,  
DIVISION OF AGRICULTURE

This designation to perform official inspection functions, within the geographic area specified in Appendix A, is granted pursuant to the provisions of the U.S. Grain Standards Act, as amended (7 U.S.C. 71 et seq.) (Act) and the regulations under the Act (7 CFR, 100 et seq. regulations).

The Agency shall perform all functions in accordance with and comply with all requirements of the Act, regulations, and Federal Grain Inspection Service (FGIS) instructions in effect at the time of designation or which may be promulgated subsequently.

The Agency and the officials specified in Appendix B shall be responsible for all official actions of the official inspection personnel employed by the Agency, for direct supervision of the daily official activities of such personnel, and for the conduct of official functions and related activities of the Agency.

Where feasible, the Agency shall rotate licensees among elevators and other locations so that no licensee is detailed at one location in excess of 6 months.

The Agency or personnel employed by the Agency shall not engage in any outside work or activity that consists in whole or in part of performing unofficially any function or related activity that the Agency has been designated to perform officially.

Section 7(j) of the Act requires the Agency to pay to FGIS such fees as established to cover the estimated cost to FGIS relating to supervision of the Agency and related administrative costs.

The Agency shall advise the Compliance Division, FGIS, immediately of any proposed change in name, ownership, officers or directors, or control of the Agency; and if a trust, any amendment to the trust agreement or of a change in the person of the trustee(s). The Agency also shall advise the Compliance Division, FGIS, in advance of any change in the specified service points listed in Appendix B.

The assigned geographic area specified in Appendix A may be amended upon request by the Agency if FGIS determines that such amendment is consistent with the provisions and objectives of the Act, regulations, and instructions. The Agency shall pay to FGIS the fee prescribed by the regulations for each amendment of this designation.

This designation shall terminate on the date herein stated and may be renewed in accordance with Section 7(g)(1) of the Act. The Agency may request that this designation be voluntarily canceled by giving 90 days written notice to FGIS. FGIS may revoke this designation in accordance with Section 7(g)(3) of the Act.

If the Agency is a trust or subsidiary established to address a conflict of interest prohibited by Section 11 of the Act, the designation shall terminate upon dissolution of the Agency and shall not revert to the trustees or the parent corporation.

The signatories certify that they have the authority to enter into said designation. This designation and the responsibilities thereunder are accepted for Alaska Department of Natural Resources, Division of Agriculture.

*Dennis L. Carney*  
Signature

7/20/82  
Date

Director  
Title

This designation is approved by the Federal Grain Inspection Service. It is effective on June 1, 1982, and will terminate on May 31, 1985.

*J. Alshier*  
Signature

July 15, 1982  
Date

Director, Compliance Division  
Title

APPENDIX A - DESIGNATED GEOGRAPHIC AREA

ALASKA DEPARTMENT OF NATURAL RESOURCES, DIVISION OF AGRICULTURE

Pursuant to Section 7(f)(2) of the U.S. Grain Standards Act, as amended, the following geographic area - the entire State of Alaska, excluding those export port locations within the State - is assigned to Alaska Department of Natural Resources, Division of Agriculture. This geographic area was assigned in the May 3, 1982, issue of the Federal Register (47 FR 18941).

Original sponsor: Shultz

Funding Information

General Fund \$2,600,000  
Other Funds -0-  
\$2,600,000

**FILE COPY**

BY THE SPECIAL COMMITTEE  
ON STATE LOANS

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 271 (Loans)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Alaska  
7 grain reserve revolving loan fund; and providing for  
8 an effective date."

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

10 \* Section 1. The sum of \$2,600,000 is appropriated from the general  
11 fund to the Alaska grain reserve revolving loan fund.

12 \* Sec. 2. The appropriation made by this Act is for capitalization of a  
13 loan fund and does not lapse in accordance with AS 37.25.010.

14 \* Sec. 3. This Act takes effect on the effective date of an Act estab-  
15 lishing the Alaska grain reserve revolving loan fund.



# Alaska State Legislature

## House of Representatives

Pouch V  
State Capitol  
Juneau, Alaska 99811

Official Business

March 17, 1983

**FILE COPY**

TO: Rep. Rick Uehling, Chairman  
House Special Committee on State Loans

FROM: Rep. Dick ~~Shultz~~

RE: Proposed CS for Grain Reserve Bill HB 156

I would appreciate it if you would consider the attached copy of SB 169 as a committee substitute for HB 156, establishing a grain reserve program.

While the two bills would accomplish the same goal, the Senate version has made two improvements on the idea embodied in HB 156. First, it turns the loan fund into a revolving loan, which eliminates the need for the Legislature to fund the program each year. Second, the bill terminates the loan fund on January 1, 1987, making the effective life of the program only three growing seasons, which we estimate should be sufficient to make the grain sector fly.

This bill has a companion appropriation bill, HB 271, which should be in your committee now.

Thank you for your attention to this bill.

1 IN THE SENATE

BY MOSS

2 SENATE BILL NO. 169

3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska grain reserve program  
7 and the Alaska grain reserve revolving loan fund; and  
8 providing for an effective date."

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

10 \* Section 1. AS 03 is amended by adding a new chapter to read:

11 CHAPTER 12. ALASKA GRAIN RESERVE PROGRAM.

12 Sec. 03.12.010. ALASKA GRAIN RESERVE PROGRAM ESTABLISHED. The  
13 Alaska grain reserve program is established in the division of agri-  
14 culture, Department of Natural Resources, for the purpose of assisting  
15 state grain producers to develop markets for their products by making  
16 loans secured by grain reserves.

17 Sec. 03.12.020. DUTIES OF THE DIVISION. In carrying out the  
18 purposes of this chapter the division shall

19 (1) make loans to state grain producers under the con-  
20 ditions set out in this chapter;

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

23 (3) administer the Alaska grain reserve revolving loan fund  
24 (AS 03.12.040).

25 Sec. 03.12.030. CONDITIONS ON LOANS. (a) The division may make  
26 a loan to a state grain producer secured by grain grown by that pro-  
27 ducer. Grain that is used as collateral for a loan made under this  
28 chapter must be graded number three or better.

29 (b) The amount of a loan made under this chapter is determined

1 by multiplying the target price per ton for the type and grade of  
2 grain offered as collateral by 90 percent of the total tonnage of the  
3 collateral.

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

6 (d) Grain that is held as collateral for a loan made under this  
7 chapter shall be stored in a storage facility approved by the divi-  
8 sion, at the expense of the borrower. The borrower may provide stor-  
9 age for the grain if the division determines that the storage provided  
10 by the borrower will adequately protect the division's interest in the  
11 grain. The division may inspect a storage facility provided by a  
12 borrower at any time and shall adopt regulations setting standards for  
13 storage facilities.

14 (e) A borrower may not remove, sell, or otherwise dispose of  
15 grain held as collateral for a loan under this chapter without the  
16 consent of the division. All proceeds from the sale of the collat-  
17 eral, up to an amount equal to the value originally assigned to that  
18 collateral under (b) of this section, shall be applied to the out-  
19 standing balance of the loan.

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

23 (g) In this section references to grain grading standards,  
24 target prices, volume or weight calculations and inspection standards,  
25 indicate standards, prices, or calculations that are in accordance  
26 with applicable United States Department of Agriculture standards.

27 Sec. 03.12.040. ALASKA GRAIN RESERVE REVOLVING LOAN FUND. The  
28 Alaska grain reserve revolving loan fund is established in the divi-  
29 sion for the purpose of financing loans made under this chapter. The

1 fund consists of appropriations made to it by the legislature and  
2 repayments of principal and interest on loans made from the fund. The  
3 division may invest money in the fund in accordance with AS 37.10.070  
4 and AS 37.10.075.

5 Sec. 03.12.050. REGULATIONS. The division shall adopt regula-  
6 tions to carry out the purposes of this chapter.

7 Sec. 03.12.060. ADMINISTRATIVE PROCEDURE ACT. In carrying out  
8 the provisions of this chapter the division is subject to the Adminis-  
9 trative Procedure Act (AS 44.62).

10 Sec. 03.12.200. DEFINITIONS. In this chapter

11 (1) "division" means the division of agriculture, Depart-  
12 ment of Natural Resources;

13 (2) "fund" means the Alaska grain reserve revolving loan  
14 fund; and

15 (3) "grain" means barley, wheat or oats.

16 \* Sec. 2. AS 44.62.330(a) is amended by adding a new paragraph to read:

17 (52) Department of Natural Resources concerning the Alaska  
18 grain reserve program (AS 03.12).

19 \* Sec. 3. The Alaska grain reserve program and the Alaska grain reserve  
20 revolving loan fund established in sec. 1 of this Act terminate January 1,  
21 1987. All money and other assets of the Alaska grain reserve program and  
22 all money and other assets in the Alaska grain reserve revolving loan fund,  
23 as of January 1, 1987, shall be transferred to the general fund on that  
24 date. The division of agriculture, Department of Natural Resources, shall  
25 collect loan payments on grain reserve loans that are outstanding on  
26 January 1, 1987 and shall transfer those payments into the general fund.

27 \* Sec. 4. AS 03.12 is repealed.

28 \* Sec. 5. Section 4 of this Act takes effect January 1, 1987.

29 \* Sec. 6. Sections 1 - 3 of this Act takes effect immediately in

1 accordance with AS 01.10.070(c).

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# FILE COPY

## Short Analysis of HB 156

This proposal would amend AS 44.33 (Alaska Agriculture Action Council statutes) to establish a grain reserve program. Under this program, a farmer could obtain a loan using stored grain as his collateral. The grain would have to be graded number 3 or better, would have to be stored in state-approved storage (whether on farm or not), and could not be removed by the farmer while the loan was outstanding.

The council would be authorized to make a loan based upon the USDA target price for the grain for 90 percent of the grain in storage. In other words, if a farmer put up 50,000 bushels of barley, and the target price for barley was \$2.20 per bushel, the council could loan him  $\$2.20 \times 45,000$  or \$99,000. The farmer would then use that loan to capitalize his next year's crop.

After the loan had been made, the State and the farmer would try to find buyers for the collateral grain and once that had been done, and the grain was sold, the farmer's loan would fall due. The interest rate is set at 8 percent per year, and the program would apply to barley, wheat and oats.

There are three price support programs now being used by the USDA. A deficiency payment program; a loan rate program; and a grain reserve program.

The deficiency payment program is intended to compensate farmers for acreage they remove from production. The farmer establishes a production yield record over a three year period, and based upon that figure per acre, times the base number of acres (provided that he does not plant at least 15 percent of his acreage), times the difference between the target price for grain and the average selling price. In other words, if the farmer had 2000 acres of grain, but held 15 percent, or 300 acres out of production, his average yield was 40 bu/acre, the target price was \$2.60/bu and the average selling price was \$2.20/bu, then his benefit would be  $2000 \text{ (acres)} \times 40 \text{ (bu/acre)} \times 40 \text{ cents} = \$32,000$ . This program is aimed at keeping production low.

The loan rate program is intended to allow the farmer to delay putting his grain on the market. Because all the harvest comes in at the same time, after harvest at the end of summer, prices would be depressed if every farmer had to sell at that time. To counteract this, and give the farmers an economic bridge, we have the loan rate program. The loan rate is based upon the theoretical cost of production, which for barley in Alaska is set at \$2.38 per bushel. The farmer who participates in this program is guaranteed by the federal government that his grain will be sold for at least the cost of production. This program is closest to HB 156 as originally written.

The third federal program is a grain reserve program, which apparently has two purposes - to keep grain off the market, and to build a reserve. In this plan, the farmer can contract to store his grain for from 3 to 5 years and will get a loan, based upon the cost of production plus another variable - currently 19 cents/bu. The interest rate of 8 5/8 percent is charged only on the first year of the loan, and the government pays the farmer 26.5 cents per year per bushel for storage costs.

While some Alaskan farmers have participated in one or another of these programs, they don't have general applicability here because they are intended to keep production down. We want to encourage production.

There are some adaptations of the programs we could make. For example, we could use all three federal programs, and allow participation by farmers even though they would not qualify under fed because of the stipulation to reduce acreage. Otherwise, the plans would remain the same.

If we do set up these or similar programs, we may want to limit a farmer's participation to a certain percent of his crop, to encourage in-state use and the growth of the red meat industry.

We may want to set up quality incentives; that is, a higher allowance for number 1, less for number 2, and a bottom figure for number 3 grain.

Some potential problem program areas with HB 156

1. The federal programs are based upon number 2 barley, while HB 156 uses number 3. Due to growing conditions in Alaska, we may want to use the more liberal grade.
2. The Ag Council may be reorganized - maybe even dissolved. Should this bill anticipate that?
3. To fully implement the program, we will need a companion appropriation.
4. In the Alaska market, where local barley is selling for between \$3.60 and \$4.00 a bushel, how would this work as a price support, when the target price is only \$2.20 a bushel?
5. The bill makes no provision for storage fees. If it costs \$20/ton per year to store the grain, any grain left when the next harvest comes along would have a heavy liability, and would be at a disadvantage to complete in the market place.

**FILE COPY**

Original sponsor: Schultz

(How long will  
the collateral  
SB-169  
BE HELD)

# FILE COPY

1 IN THE HOUSE

BY THE SPECIAL COMMITTEE  
ON STATE LOANS

2 CS FOR HOUSE BILL NO. 156 (Loans)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska grain reserve program  
7 and the Alaska grain reserve loan fund; and providing  
8 for an effective date."

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

10 \* Section 1. AS 03 is amended by adding a new chapter to read:

11 CHAPTER 12. ALASKA GRAIN RESERVE PROGRAM.

12 Sec. 03.12.010. ALASKA GRAIN RESERVE PROGRAM ESTABLISHED. The  
13 Alaska grain reserve program is established in the Department of  
14 Natural Resources for the purpose of assisting state grain producers  
15 to develop markets for their products by making loans secured by grain  
16 reserves.

17 Sec. 03.12.020. DUTIES OF THE DEPARTMENT. In carrying out the  
18 purposes of this chapter the department shall

19 (1) make loans to state grain producers under the con-  
20 ditions set out in this chapter;

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

23 (3) administer the Alaska grain reserve loan fund  
24 (AS 03.12.040).

25 Sec. 03.12.030. CONDITIONS ON LOANS. (a) The department may  
26 make a loan to a state grain producer secured by grain grown by that  
27 producer in 1983 or 1984. Grain that is used as collateral for a loan  
28 made under this chapter must be graded number four or better.

29 (b) The amount of a loan made under this chapter is determined

1 by multiplying 90 percent of the United States Department of  
2 Agriculture target price per ton for the type and grade of grain  
3 offered as collateral by the total tonnage of the collateral.

4 (c) The interest rate on a loan made under this chapter is equal  
5 to the interest rate on a loan made under AS 03.10.030(a). 8%  
6

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

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

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

27 (g) In this section references to grain grading standards,  
28 target prices, volume or weight calculations and inspection standards,  
29 indicate standards, prices, or calculations that are in accordance  
30 with applicable United States Department of Agriculture standards.

1           Sec. 03.12.040. ALASKA GRAIN RESERVE LOAN FUND. The Alaska  
2 grain reserve loan fund is established in the department for the  
3 purpose of financing loans made under this chapter. The fund consists  
4 of appropriations made to it by the legislature.

5           Sec. 03.12.050. ADMINISTRATION OF FUND. The commissioner shall  
6 administer the fund in conjunction with the agricultural loan fund  
7 board established under AS 03.10.050. A loan in excess of \$25,000 may  
8 not be made by the commissioner without the approval of the board.

9           Sec. 03.12.060. REGULATIONS. The department shall adopt regula-  
10 tions to carry out the purposes of this chapter.

11           Sec. 03.12.070. ADMINISTRATIVE PROCEDURE ACT. In carrying out  
12 the provisions of this chapter the department is subject to the  
13 Administrative Procedure Act (AS 44.62).

14           Sec. 03.12.200. DEFINITIONS. In this chapter

15           (1) "commissioner" means the commissioner of natural  
16 resources;

17           (2) "department" means the Department of Natural Resources;

18           (3) "fund" means the Alaska grain reserve loan fund; and

19           (4) "grain" means barley, wheat or oats.

20 \* Sec. 2. AS 44.62.330(a) is amended by adding a new paragraph to read:

21           (52) Department of Natural Resources concerning the Alaska  
22 grain reserve program (AS 03.12).

23 \* Sec. 3. The Alaska grain reserve program and the Alaska grain reserve  
24 loan fund established in sec. 1 of this Act terminate January 1, 1988. All  
25 money and other assets of the Alaska grain reserve program and all money  
26 and other assets in the Alaska grain reserve loan fund, as of January 1,  
27 1988, shall be transferred to the general fund on that date. The  
Department of Natural Resources shall collect loan payments on grain  
reserve loans that are outstanding on January 1, 1988 and shall transfer

1 those payments into the general fund.

2 \* Sec. 4. AS 03.12 is repealed.

3 \* Sec. 5. Section 4 of this Act takes effect January 1, 1988.

4 \* Sec. 6. Sections 1 - 3 of this Act takes effect immediately in accor-  
5 dance with AS 01.10.070(c).

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STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 26, 1983

SUBJECT: Grain reserve program/fund  
[CSHB 156 (Loans)]

TO: Representative Rick Uehling  
Chairman, House Special Committee on Loans

FROM: Richard A. Bradley  
Legislative Counsel

FILE COPY

You have requested a sectional analysis of the above described bill.

As a preliminary matter, I must advise you that a sectional analysis or summary of a bill should not be considered an authoritative interpretation of the bill; the bill itself is the best statement of its contents. For a full explanation of any point, please consult the bill itself; if you would like an interpretation of the bill as it may apply to a particular set of circumstances, please address a specific request to this office.

Sec. 1 adds a new chapter, AS 03.12, Alaska Grain Reserve Program.

Sec. 10 is an introductory section: it establishes the program in the Department of Natural Resources and states a purpose.

Sec. 20 establishes the duties of the Department of Natural Resources. It directs the department to make loans under the law, to administer and inspect stored grain held as collateral for loans, and to administer the fund established under AS 03.12.040.

Sec. 30 establishes conditions on loans.

Sec. 30(a) provides that the department may make a loan to a state grain producer secured by grain grown by that producer

during 1983 and 1984. To be used as collateral, the grain must be graded as "number four" or better.

Sec. 30(b) provides that the amount of a loan 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."

Sec. 30(c) establishes the interest rate on a loan as the interest rate established under AS 03.10.030(a); that section provides:

Sec. 03.10.030. LIMITATIONS ON LOANS. (a) A farm development, chattel, or irrigation loan made under this chapter

\* \* \*

(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.

Sec. 30(d) relates to the storage of the grain. The department is required to approve a storage facility where grain held as collateral is stored. The borrower may provide the storage if the department is satisfied with the arrangement. The department may inspect a storage facility at any time. Storage costs shall be paid to the borrower by the department during the term of the loan at a rate established by the U.S. Department of Agriculture.

Sec. 30(e) provides that a borrower may not remove, sell, or otherwise dispose of grain held as collateral for a loan without the consent of the Department of Natural Resources. The proceeds from the sale of grain held as collateral, "up to an amount equal to the value originally assigned to that collateral under (a) of this section" plus accrued interest shall be applied to the outstanding balance.

Sec. 30(f) limits the term of a loan to three years. Annual interest payments shall be made during the term of the loan.

Sec. 30(g) ties references to "grain grading standards, target prices, volume or weight calculations and inspection standards" to standards, prices, and calculations that are in accordance with applicable U.S. Department of Agriculture standards.

Sec. 40 establishes the Alaska Grain Reserve Loan Fund. The fund consists of appropriations made by the legislature.

Sec. 50 provides that the commissioner will administer the fund "in conjunction with the agricultural loan fund board established under AS 03.10.050 and a loan may not be made by the commissioner in excess of \$25,000 without the approval of the board. AS 03.10.050 provides:

Sec. 03.10.050. ADMINISTRATION OF FUND. (a) The commissioner shall administer the loan fund in conjunction with the agricultural revolving loan fund board. No loan in excess of \$25,000 may be made by the commissioner without the approval of a majority of the board.

(b) The board is composed of five members appointed by the governor and confirmed by the legislature in joint session. Three members shall be persons with background and experience in Alaska agriculture. Members of the board serve for overlapping three-year terms. Members of the board are not entitled to receive compensation for their services, but shall receive the same travel pay and per diem as provided by law for boards and commissions.

(c) A meeting of the agricultural revolving loan fund board to act on applications for loans is exempt from the public meeting requirements of AS 44.62.310.

Sec. 60 permits the department to adopt regulations.

Sec. 70 provides that the department will follow the Administrative Procedures Act (AS 44.62) in implementing the Act.

Sec. 200 establishes definitions. The only significant definition is that of "grain:" it means "barley, wheat, or oats."

Sec. 2 of the bill establishes an amendment to AS 44.-62.330(a). It makes clear that the Department of Natural

Representative Rick Uehling  
Page 4  
April 26, 1983

Resources is governed by the Administrative Procedure Act, particularly its provisions of administrative adjudication [AS 44.62.330 et seq.] in implementing the grain reserve program.

Sec. 3 of the bill terminates the program and the fund January 1, 1988. The money and other assets of the program and the fund are transferred to the general fund on that date. If loans are outstanding as of that date, the Department of Natural Resources shall undertake to collect them and deposit the payments to the general fund.

Sec. 4 of the bill repeals AS 03.12 (the provisions established in sec. 1).

Sec. 5 provides that sec. 4 takes effect January 1, 1988, thus implementing sec. 3.

Sec. 6 provides that secs. 1 - 3 of the bill take effect immediately. This effective date thus puts the program enacted in sec. 1 (AS 03.12), the APA amendment added in sec. 2, and the termination provisions in effect immediately. Sections 4 - 6 take effect by operation of law 90 days after enactment but are not, of course, needed until January 1, 1988.

If I may be of further assistance, please advise.

RAB:ljb  
16/018

STATE OF ALASKA  
FISCAL NOTE

Revision Date     , 1983

I. REQUEST

Bill/Resolution No.: CSHB 156 (Loans)  
 Title: State Grain Reserve Program  
 Sponsor: Schultz  
 Requestor: Loans Committee

II. FISCAL DETAIL

Agency Affected: Natural Resources  
 Program Category Affected:       
 BRU, Program of Subprogram(s) Affected:     

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
<b>OPERATING</b>						
100 PERSONAL SERVICES		45.0	47.7	50.6		
200 TRAVEL		3.0	3.2	3.4		
300 CONTRACTUAL		3.6	3.8	4.0		
400 COMMODITIES		1.0	1.1	1.2		
500 EQUIPMENT		15.0	--	--		
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
<b>TOTAL OPERATING</b>		67.6	55.8	59.2		

**FILE COPY**

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND		67.6	55.8	59.2		
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME		1	1	1		
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

CS SB 170(Res) appropriates funding for operating and capital costs by reallocating \$1.6 million from the Delta II West grain elevator appropriation.

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Sharon Barton  
 Division: Commissioner's Office

Phone: 465-2400

Date: 4/25/83

Approved by Commissioner: *Mary Halloran*  
 Department: Natural Resources

Date: 4/25/83

Distribution:

Original to Legislative Finance  
 Copy to Office of Management and Budget (for Legislature introduced bills)  
 Copy to Department (for Governor introduced bills)  
 Copy to Sponsor  
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CS HB 156 (Loans) analysis:

Equipment costs are explained in the attached sheet. Personal services costs cover inspection requirements and program administration costs. As the official grain inspection agency in Alaska, the Division of Agriculture would be required to furnish personnel and facilities on a statewide basis throughout the year as grain moves to and from the reserve.

# MEMORANDUM

# State of Alaska

DEPARTMENT OF NATURAL RESOURCES - DIVISION OF AGRICULTURE

TO: Sharon Barton  
Special Assistant

DATE: February 10, 1983

FILE NO:

TELEPHONE NO:

FROM: Ed Kero   
Development Specialist

SUBJECT: Grain Grading  
Station Equipment

Carter Day Dockage Tester (FOB Minneapolis, Minn)	\$ 3,744.00
Barley riddle and sieves	216.00
Wheat riddle and sieves	152.00
Burrows (FOB Illinois)	
Boerner divider	595.00
Extension kit	119.00
Barley sieve kit	90.50
Filling hopper and stand	198.00
Boerner weight per bu apparatus (print-out)	1,750.00
Shadow graph scales	928.00
Armstrong scales	610.00
Gram scales	111.50
Laboratory torsion balance scale	470.00
Weight set	137.00
Sieve shaker	795.00
Motomco moisture meter	640.00
Barley pearler	350.00
Miscellaneous (piks, lights, pewter dishers, magnifying glass, etc.)	750.00
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Equipment costs	\$11,656.00
Set-up & freight estimate	3,344.00
	<hr/>
Total	\$15,000.00