

ALASKA LEGISLATURE COMMITTEE FILES 1903-1904 0012

2780 HRES SB 336 - SB 366

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336



# Alaska State Legislature

## House of Representatives

Official Business

Pouch V  
State Capitol  
Juneau, Alaska 99811

### MEMORANDUM

TO: House Resource Committee members

FROM: Committee Staff

DATE: May 10, 1984

RE: CSSP 336(Res) An Act relating to federal crop insurance

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On Monday, May 14, the House Resources Committee will be hearing CSSP 336(Res). What follows is a sectional analysis.

Section 1 Amends AS 03.10.030(c) by placing a condition on the applicant. Applicants who apply for a short term loan under the agricultural revolving loan fund may be required to purchase insurance through the Federal Crop Insurance Act.

Section 2 Requires that the State shall enter into agreement with the Federal Crop Insurance Corporation. Requires that the State pay to the Federal Crop Insurance Corporation a part of the premiums paid by the farmers. Requires that 30% of each producer's premium, on coverage of up to 65% of the appraised average yield, shall be paid by the State.

Section 3 Effective date clause, the act takes place Immediately.

### BACKGROUND

The Federal Crop Insurance Program provides risk protection for crop producers nationwide. The program protects against losses from natural disasters, freeze, wind, disease, drought, excess moisture and animal damage. It covers barley, oats, potatoes, forage, and nearly 30 other major crops.

Insurance coverage is limited to a percentage of the guaranteed yield. (65%) The guaranteed yield is based on average historical yields. Indemnities that are paid are equal to the difference between the farmer's actual yield and his guaranteed yield. The settlement price, or the dollar amount that will be paid on the product that is not harvestable, is limited to 90% of the estimated harvest price.

CSSB 336  
May 10, 1984  
Page 2

Coverage of the Delta farmer's barley crop began with the 1981 crop year. During 1983, approximately 75% of the 12,000 Delta barley acres were insured, at an average insurance cost of \$12 per acre.

Under the program, the federal government subsidizes 30% of the farmer's premium payment, on coverage of up to 65% of the farm's average yield. The State's 30% premium payment will be over and above the federal contribution. The farmer would pay only 40% of his premium payment.

The Division of Agriculture, Department of Natural Resources, estimates the cost to the State for its participation at \$140,000 for FY 85 (for the 1984 and 1985 crop years), \$80,000 for FY 86, and \$90,000 for FY 87. These figures are based on a total premium of \$12 per acre, with the State's share figured at \$4 per share.

To date, Texas is the only other State to have introduced legislation that would authorize State participation in the Federal Crop Insurance Program.

Revision Date: 1-26-84

REQUEST

Bill/Resolution No.: CS SB 336 (R)  
Title: Crop insurance

FISCAL DETAIL

Agency Affected: Dept. of Natural Resources  
Program Category Affected: Agriculture Management

Sponsor: Moss  
Requestor:  
Date of Request: 1-26-84

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL			80.0	90.0		
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-*	80.0	90.0		
CAPITAL	-0-	-0-	-0-	-0-		
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-*	80.0	90.0		
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

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

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

\* FY 85 funding (\$140.0) appears in the Governor's budget.

ANALYSIS: Attach a separate page for analysis

Prepared By: Sharon L. Barton Phone: 465-2400  
Division: Commissioner's Office Date: 2-21-84

Approved by Commissioner: William D. Amundson Deputy Commissioner Date: 2-21-84  
Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):

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

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

REQUEST

Bill/Resolution No.: SB 336  
 Title: State contributions to the Federal Crop Ins. Prog.  
 Sponsor: Moss  
 Requestor: \_\_\_\_\_  
 Date of Request: 1-9-84

FISCAL DETAIL

Agency Affected: Department of Natural Resources  
 Program Category Affected: Ag Management  
 BRU, Program or Subprogram(s) Affected: Agricultural Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL	140.0	80.0	90.0			
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	140.0	80.0	90.0			
CAPITAL	-0-	-0-	-0-			
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	140.0	80.0	90.0			
FEDERAL FUNDS						
OTHER						
TOTAL	140.0	80.0	90.0			

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Bill Heim, Director Phone: 376-3276  
 Division: Agriculture Date: 1-19-84

Approved by Commissioner: Alvin D. Arnold, Deputy Date: 1-20-84  
 Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):

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

12/1/83

SENATE SPECIAL COMMITTEE ON AGRICULTURE  
Senator H. Pappy Moss, Chairman

SENATE BILL 336 "An Act relating to federal crop insurance; and providing for an effective date."

Federal crop insurance protects farmers against losses due to adverse weather conditions, insect infestation, plant disease and other natural disasters. Currently, the federal government subsidizes the cost of federal crop insurance to the farmer by 30%. Senate Bill 336 provides for the state to further subsidize the federal crop insurance premium up to another 30%.

Senate Bill 336 also requires that an applicant for a short term loan may be required to purchase insurance through the federal crop insurance program as a condition of obtaining a loan. Federal crop insurance protection adds guarantees that farmers in the state will be able to meet loan repayment obligations and to pay cash costs even when crops fail.

The Department of Natural Resources has projected a cost of \$140,000 for the first two years of participation in the Federal Crop Insurance program. This amount appears in the Governor's budget for FY 85. For FY 86 and FY 87, the expenditures would be 80 and 90 thousand dollars respectively, and would come from the general fund. The FCIC pays all administration costs of the program.

The federal crop insurance program will protect the farmer against low crop yields and will protect the state's investment in agriculture by providing a means for farmers to repay their state loans even in bad crop years. The passage of SB 336 should lead to greater participation by Alaska producers in the federal Crop insurance program.

SENATE SPECIAL COMMITTEE ON AGRICULTURE  
Senator H. Pappy Moss, Chairman

NOTES ON SENATE BILL 336 "An Act relating to federal crop insurance;  
and providing for an effective date."

What is Federal Crop Insurance?

Federal Crop Insurance is offered to farmers of this nation to promote the national welfare by improving the economic stability of agriculture through a sound system of crop insurance. Since 1980, when the FCIC expanded the availability and coverage of crop insurance, the program has grown significantly. Federal crop insurance protects against losses due to adverse weather conditions, insect infestation, plant disease and other natural disasters.

What Will Senate Bill 336 Do?

Currently, the Federal government subsidizes the cost of Federal Crop insurance to the farmer by 30%. Senate Bill 336 provides for the state to further subsidize the Federal Crop insurance premium up to another 30%.

SB 336 also requires that an applicant for a short term loan may be required to purchase insurance through the Federal Crop Insurance Program as a condition of loan. Farmers are not alone in suffering financial loss when crop disaster strikes. Crop insurance will also help protect creditors, lending institutions, businesses supplying agricultural needs and the entire community from risks associated with crop disasters.

Nation wide, more lenders are requiring crop insurance as a condition for farm operating loans because such insurance helps protect their investment in agriculture.

What is The Benefit To The State?

Federal Crop Insurance protection adds guarantees that farmers in the state will be able to meet loan repayment obligations and to pay cash costs even when crops fail. Farmers participating in the program are assured of recovering, at a minimum, the lost capital they must have in order to continue farming--to buy the seed, fuel, and fertilizer that are required to assure the next year's crop.

Currently the Alaska Revolving Loan Fund will cover operating costs, but not insurance. SB 336, helping the farmer with an additional premium subsidy, helps protect the farmer, and the state's investment in agriculture, against both area and individual disasters.

### What Is The Cost To The State?

The Department of Natural Resources has projected a cost of \$140,000.00 for the first two years of participation in the Federal Crop Insurance program. This amount appears in the Governor's budget for FY '85. For FY 86 and FY 87, the expenditures would be 80 and 90 thousand dollars respectively, and would come from the general fund.

The State contribution need not be seen totally as a subsidy. This form of insurance may partially replace other public safety nets by providing insurance premiums in lieu of reimbursement to farmers for damage by wildlife, etc.

The FCIC will work with the state of Alaska to minimize administrative expenses to the state. Those that are incurred will be low, and related only to the preparation and transmission of payments by the state to FCIC on the behalf of Alaska producers.

### How Will The Program Work?

The FCIC is encouraging participation by Alaskan farmers. It has expanded its program for Alaska beyond barley, to include wheat and oats, and will soon include potatoes among the crops covered by this protection.

Each farmer may select the percent of average yield he would like to have guaranteed and the price he would like to be paid for his deficiency if he falls below the guaranteed level. Depending on his selection, a federally subsidized premium is established which he must pay. There are three different levels that a farmer may choose from in selecting a coverage rate (50, 65, and 75 %). There are also three different price election rates (\$2.00, 2.25, and 2.60). Federal legislation now permits the State to pay a matching subsidy, up to 30%.

### Justification

The Federal Crop Insurance Program will insure a farmer against low crop yields rather than low price. In Alaska, this program will help protect against mid-summer frosts, early rain during harvest, and bison damage to barley, which has occurred in the past. Even after a year without disaster, farmers face an everpresent concern for the next crop year. In this sense, FCIC and the State of Alaska can help to provide Alaskan agriculture with more than just business security.

The passage of SB 336 should lead to greater participation by Alaska producers in the Federal Crop Insurance program. The needs of producers for risk protection will be better met. This increased protection will have a beneficial impact on other segments of the economy whose viability depends on a healthy agriculture, helping to stabilize the economic activity of local communities and strengthen the surrounding rural economy, and, to a lesser degree, the urban economy.

# Senator Vic Fischer

(907) 465-4954

Alaska State Legislature  
Pouch V • Juneau, Alaska 99811 • (907) 465-4954



## MEMORANDUM

May 2, 1984

TO: Members, Senate Finance Committee  
FROM: Senator Vic Fischer *Vic F.*

RE: CSSB 336 (Res) An act relating to federal crop insurance;  
effective date.

The purpose of SB 336 is to support Alaska agriculture by subsidizing farmers' premiums paid to the Federal Crop Insurance Program. A secondary purpose is to protect the state's investment in agriculture by providing insurance coverage of crops supported by Agriculture Revolving Loan Fund loans.

The federal government now will pay 30% of a farmer's crop insurance. Under this program the state will pay an additional 30%, leaving 40% to be paid by the individual farmers.

Virtually all of the administrative costs of the program are paid by the federal government. All of the costs of working with the individual farmers are covered. The only expense left for the state is that of making one lump-sum payment to the Federal Crop Insurance Corporation.

Section 1 provides that the Ag Revolving Loan Fund may require crop insurance as a condition of a loan.

Section 2 establishes the program:

- Agreement with Federal Crop Insurance Corporation
- Amount of contributions (matches feds contribution)
- Limitations on state subsidy (30% of premiums)
- Provides for appropriations from general fund; allocation on first come basis
- Definitions

Section 3 provides an immediate effective date.

The fiscal note is zero for FY 85 and 80.0 per year starting in FY 86. Costs for this program were included in the Governor's FY 85 operating budget for DNR at 140.0, which provides funding for two crop years - 1984 and 1985. At this time, both Senate and House DNR budgets include crop insurance funding.

The bill is favored by the Administration. Sharon Barton of the DNR is expected to be here to answer questions from the Committee.

# Alaska State Legislature

BETTYE FAHRENKAMP, Chairman  
ROBERT H. ZIEGLER, SR., Vice Chairman  
DICK ELIASON  
PAUL FISCHER  
VIC FISCHER  
BOB MULCAHY  
ARLISS STURGULEWSKI



POUCH V  
STATE CAPITAL  
JUNEAU, ALASKA 99811  
(907) 465-3834  
(907) 465-3835

## Senate Committee on Resources

### MEMORANDUM

DATE: January 9, 1984

TO: Senate Resources Committee Members

FROM: Senate Resources Committee Staff

RE: Federal Crop Insurance Program

On Wednesday, January 11, at 3:00pm in the House Resources Committee Room (Room 118, Capitol), the Senate and House Resources Committees will be briefed on the Federal Crop Insurance Program.

The Federal Crop Insurance Program provides risk protection for crop producers nationwide. In effect since 1939, the program initially provided coverage on wheat, cotton, and flax. In 1980, Federal Crop Insurance was streamlined by the Federal Crop Insurance Act, which expanded the scope of the program, both in terms of crops insurable and areas insured, and authorized state participation in the program.

The current program protects against losses from natural disasters, freeze, wind, disease, drought, excess moisture and animal damage, and covers barley, oats, potatoes, forage, and nearly 30 other major crops. It essentially guarantees the farmer a certain income despite his actual crop yield. A guaranteed yield is determined based on average historical yields. Insurance coverage is provided on this guaranteed yield, which is limited to 50, 60, or 75% of the farm's average yield. In the event of a poor crop year, indemnities are paid on the difference between the producer's actual yield and his guaranteed yield. The settlement price, which is the dollar amount that will be paid on each bushel or pound that is not harvestable, is limited to 90% of the estimated harvest price.

Coverage of Delta area farmers' barley crop began with the 1981 crop year. (Coverage of the Pt. MacKenzie area and of oats and wheat is expected to begin in 1984.) During 1983, approximately 75% of the 12,000 Delta barley acres were insured, at an average insurance cost of \$12 per acre. Under the program, the federal government subsidizes 30% of each farmer's premium payment, on coverage of up to 65% of the farm's average yield. The 1980 Act authorized state participation in the program by allowing states to provide an additional subsidy (up to 30%) over and above the federal contribution.

Authorizing the State of Alaska to provide an additional 30% subsidy to Alaskan farmers would reduce the cost of crop insurance to the farmers, and since most farms are initially financed through the Agricultural Revolving Loan Fund, would conceivably help protect the state's collateral against natural disaster. The Division of Agriculture, Department of Natural Resources, estimates the cost to the state for its participation at \$140,000 for FY 85 (for the 1984 and 1985 crop years), \$80,000 for FY 86, and \$90,000 for FY 87. These figures are based on a total premium of \$12 per acre, with the state's share figured at \$4 per acre.

To date, Texas is the only other state to have introduced legislation that would authorize state participation in the Federal Crop Insurance Program.

## A CROP INSURANCE PRIMER

### BACKGROUND

The Federal Crop Insurance Corporation (FCIC), some 45 years old, is the Federal agency charged with administering a nationwide crop insurance program which is the American producer's primary source of risk protection.

The program, initially very limited, was overhauled by the Federal Crop Insurance Act of 1980, which authorized crop insurance coverage of every commercially grown crop in the U.S., plus timber, livestock, and aquiculture. Today, crop insurance coverage is offered on over 30 major crops in 3,000 U.S. counties. Virtually all former "disaster crop" acreage is or soon will be covered.

### HOW DOES IT WORK

A crop insurance policy can be designed to accommodate a producer's individual needs: more than 50 different coverage options are available.

**YIELD GUARANTEES.** The 1980 FCI Act limits crop insurance coverage to 75 percent of a producer's average yield. Crop insurance offers yield guarantees at 50, 65, or 75 percent of average yield.

Although the average yield on most crops is determined on an "area coverage" basis, FCIC's Board of Directors recently approved using a producer's actual production history as the sole basis for yield guarantees. Producers have often complained that area coverages are substantially lower than the production expectations on their farms, making crop insurance less desirable.

Actual production history will be used to determine guarantees on cotton and rice beginning in 1984; other insured crops will join the program by 1987.

**PRICE SELECTIONS.** A producer may select one of three different prices for his policy. Price selections are made for each crop by estimating the harvest price for the crop, and pegging the top value at 90 percent of that price. Price selections change annually and represent high, medium and low harvest price estimates.

**PREMIUMS.** Premiums are calculated to cover risk of loss and are adjusted periodically to account for changes in loss history. The FCI Act of 1980 requires that the crop insurance program be actuarially sound. To accomplish this, FCIC maintains a loss ratio (indemnities paid vs. premiums collected) goal of .90, with the remainder intended to cover catastrophic losses.

The Federal Government subsidizes producer premiums at 30 percent up to the 65 percent coverage level. The dollar subsidy at the 75 percent coverage level remains the same, but the percentage is understandably lower.

**INDEMNITIES.** Indemnities are paid whenever the producer's actual yield falls below his yield guarantee. The difference between the two yields is multiplied by the price election and the number of acres insured. The result is the indemnity due.

HAIL-FIRE OPT OUT. A producer carrying private hail-fire coverage may exclude such coverage from his policy and receive a commensurate premium reduction. Private hail-fire coverage, however, must be in an amount equal to or greater than that which would be provided under an FCIC policy.

CROP INSURANCE-POLICIES. Crop insurance policies are continuing contracts which renew automatically unless specifically cancelled in writing by the insured or insurer. Unpaid premiums may result in the cancellation of a policy if the account is not settled by a predetermined "termination date."

#### HOW IS IT DELIVERED

The FCI Act of 1980 established a dual delivery system for crop insurance, with each system utilizing the insurance resources of the private sector.

MASTER MARKETERS. General Sales and Service Agencies (known as Master Marketers) with at least 25 agents contract with FCIC to write policies on FCIC paper. Master Marketers provide management, supervision, contract servicing and quality control, and the Federal Government compensates the agencies on a commission basis.

Training for Master Marketing agents is provided by FCIC, and all such agents must be licensed and certified in the crops they intend to sell.

Additionally all loss adjustment functions on master marketer policies are carried out by FCIC.

REINSURED COMPANIES. Under this system, private Multi-Peril Crop Insurance Companies write crop insurance policies under their own brand names, but in identical terms and conditions as Master Marketers. The Federal Government reinsures the private companies against catastrophic loss and compensates them for sales and loss adjustment functions.

Reinsured companies provide marketing, distribution, servicing, training, quality control, premium collection and loss adjustment functions.

ASCS. In a small number of counties with marginal agricultural activity, ASCS will continue to provide crop insurance sales and service. As private delivery systems become available in these counties, it is anticipated that ASCS activity will be phased out.

SHARE OF BUSINESS. As more private companies handle the crop insurance line, the share of business written by reinsured companies will continue to grow. In crop year 1982, when relatively few MPCIC companies were writing crop insurance, reinsured companies accounted for only 20 percent of FCIC's total book of business. Although final crop year 1983 figures are not yet in, it is estimated that the reinsured share will increase to approximately 35 percent. For 1984, we expect reinsurance to continue to grow and account for approximately 45 percent of all crop insurance business.



TO: Interested Parties

FROM: Manager

SUBJECT: State Participation in Federal Crop Insurance

Background:

The Federal Crop Insurance Act, as amended October 1, 1980, provides under Section 508(b) (5) that:

"The Board (of Directors) may enter in to agreements with any State or agency of a State under which such State or agency may pay to the Corporation additional premium subsidy to further reduce the portion of the premium paid by farmers in each State."

Discussion:

There are presently four methods available to the Corporation to accommodate states desiring to participate in this program:

1. The State could make direct payments to the producers for a specified share of the farmer-paid portion of his premium which is paid to the Federal Crop Insurance Program. This would be in the form of a State "refund" for a pre-determined portion of that premium.
2. The State could provide tax credits for participating farmers on its State Income Tax returns. This would be regulated strictly within each State and would have no direct Federal connection other than added incentive.
3. The Federal government could bill each cooperating State for its share of the additional payment--to be determined initially by each State--at the time the acreage reports are processed and the extent of farmer participation in each State is determined for the crop year.
4. The State could offer the entire insurance plan and FCIC or a Federal agency could act as a reinsurer and share in the cost to a pre-determined extent.



**Conclusion:**

The Corporation will provide any information needed by states participating in this program in order to facilitate the process and will work directly with State officials to meet their particular needs. Following is an example of the Corporation's work with officials to establish a program in their State:

A State wished to explore the possibility of providing assistance to farmers. Officials contacted us and asked that we provide estimated premium volume in their State for the current and two succeeding years. They selected option 3 as their preferred method of compensating insured farmers. At their request, we met with budget personnel and the Comptroller of that State to assist them in arriving at dollar needs over the next two years and determining the mechanism and frequency of billing for amounts due the Corporation. We also offered suggestions concerning courses of action in the event that demand exceeded funds available. At this point in time a bill is now before the State Legislature for consideration.



United States  
Department of  
Agriculture

Federal Crop  
Insurance  
Corporation

Spokane  
Field Actuarial  
Office

N. 112 University Rd.  
Suite 200  
Spokane, Washington 99206

535-6641

To: Merritt W. Sprague, Manager  
FCIC, Washington, D. C.

August 25, 1983

Attention: Dennis Lynn, Comptroller

Subject: Alaska Proposed Legislation  
(Conversation Knox -- J. W. Ellis)

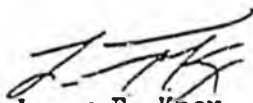
With regards to the proposed Congressional Affairs and Legislation Division of FCI meeting with Alaskan agriculture officials to explain the advantages of Alaskan legislation subsidizing premiums paid by farmers, it has come to our attention that specific crop acreage, yields, and historical data is unavailable to your office as Alaska does not have a strong data bank of such information as it is "new" on the agriculture scene.

The attached information was put together using existing Alaska Statistical Reporting Service (SRS) data, present insurance premium rates, participation levels, and the following assumptions:

1. FCI Management will approve additional crops for insurance purposes in Alaska 1982-1990.
2. Alaska cropland eligible for insurance purposes will expand at the rate of 10 percent per year 1982-1990 inclusive.
3. Projected actuarial information, i.e. percent of participation, production guarantee's, settlement price election, and crop premium rates are based upon existing programs and projected risk rate levels as viewed by SFAO Director Knox.

With regards to data shown on attachment 5, base year of 1981 was used as it more closely fits the "norm" than 1982 due to extreme climatic conditions during 1982 crop year.

If Mr. Lynn, or one of his staff, has any questions with regards to this situation or wishes further verification, please contact Mr. Knox.

  
Leroy F. Knox  
Director

Attachments (5)



The Federal Crop Insurance  
Corporation is an agency of the  
Department of Agriculture

BARLEY - ALASKA 1975-1981  
(Total State Acres through 1982)

District	Year	Area Planted Acres	Area Harvested for Grain				Production Cwt.	Value (000)
			Acres	Yield Bu.	Bu.	(000)		
Tanana Valley	1975	300	250	21.7	5.4	2,600	23.4	
	1976	157	175	34.3	6.0	2,900	26.0	
	1977	1,350	1,300	47.6	61.9	29,700	240.0	
	1978	2,500	2,450	33.9	83.1	39,900	310.0	
	1979	4,400	4,080	45.6	186.0	89,300	536.0	
	1980	12,500	10,600	29.2	309.6	148,600	904.0	
	1981	15,600	5,800	32.9	191.0	91,700	774.0	
Matanuska Valley	1975	1,200	1,200	52.4	62.9	30,200	255.0	
	1976	1,175	1,125	54.2	61.0	29,300	235.0	
	1977	1,720	1,300	49.3	64.1	30,800	239.0	
	1978	1,710	1,550	43.2	66.9	32,100	260.0	
	1979	2,050	1,720	58.7	101.0	46,500	325.0	
	1980	1,400	900	32.7	29.4	14,100	113.0	
	1981	900	700	38.6	27.0	13,000	120.0	
Kenai Peninsula	1975	100	50	33.3	1.7	800	8.6	
	1976	50	-	-	-	-	-	
	1977	30	-	-	-	-	-	
	1978	90	-	-	-	-	-	
	1979	50	-	-	-	-	-	
	1980	100	-	-	-	-	-	
	1981	-	-	-	-	-	-	
State Total	1975	1,600	1,500	47.0	70.0	33,600	287.0	
	1976	1,400	1,300	51.5	67.0	32,200	261.0	
	1977	3,100	2,600	48.5	125.0	60,500	479.0	
	1978	4,300	4,000	37.5	150.0	72,000	570.0	
	1979	6,500	5,800	49.5	287.0	137,800	861.0	
	1980	14,000	11,500	29.5	339.0	162,700	1,017.0	
	1981	16,500	6,500	33.5	218.0	104,700	894.0	
	1982	8,500	-	-	-	-	-	

OATS - ALASKA 1975-1981  
(Total State Acres through 1982)

District	Year	Area Planted Acres	Area Harvested for Grain				Production Cwt.	Value (000)
			Acres	Yield Bu.	Bu.	(000)		
Tanana Valley	1975	3,000	250	37.2	9.3	3,000	24.5	
	1976	2,900	250	39.2	9.8	3,100	24.5	
	1977	1,500	300	44.8	13.4	4,300	35.5	
	1978	2,000	450	48.6	21.9	7,000	57.5	
	1979	400	150	54.2	8.1	2,600	19.0	
	1980	2,100	450	42.9	19.3	6,200	52.0	
	1981	5,100	300	47.7	14.3	4,600	39.0	
Matanuska Valley	1975	900	150	50.0	7.5	2,400	19.5	
	1976	700	50	43.8	2.2	700	5.5	
	1977	800	100	62.0	6.2	2,000	15.5	
	1978	600	150	45.8	6.9	2,200	21.5	
	1979	500	150	50.0	7.5	2,400	22.0	
	1980	600	150	45.3	6.8	2,200	29.0	
	1981	600	200	37.0	7.4	2,400	26.0	
Kenai Peninsula	1975	400	-	-	-	-	-	
	1976	400	-	-	-	-	-	
	1977	500	-	-	-	-	-	
	1978	500	-	-	-	-	-	
	1979	300	-	-	-	-	-	
	1980	400	-	-	-	-	-	
	1981	300	-	-	-	-	-	
State Total	1975	4,300	400	42.0	16.8	5,400	44.0	
	1976	4,000	300	40.0	12.0	3,800	30.0	
	1977	2,800	400	49.0	19.6	6,300	51.0	
	1978	3,100	600	48.0	28.8	9,200	79.0	
	1979	1,200	300	52.0	15.6	5,000	41.0	
	1980	3,100	600	43.5	26.1	8,400	81.0	
	1981	6,000	500	43.5	21.7	7,000	65.0	
	1982	3,200						

POTATOES - ALASKA 1975-1981  
(Total State Acres through 1982)

District	Year	Area Harvested Acres	Yield Cwt.	Production	
				Cwt.	Value (000)
Tanana Valley	1975	120	125	15,000	210.0
	1976	95	108	10,300	135.0
	1977	95	103	9,800	123.0
	1978	125	135	16,900	223.0
	1979	110	159	17,500	254.0
	1980	95	129	12,300	247.0
	1981	80	110	8,800	191.0
Matanuska Valley	1975	390	230	89,700	1,038.0
	1976	400	196	78,500	927.0
	1977	405	253	102,300	1,163.0
	1978	300	205	61,500	688.0
	1979	330	190	63,800	745.0
	1980	340	184	62,700	1,176.0
	1981	395	204	80,500	1,591.0
Kenai Peninsula	1975	20	200	4,000	56.0
	1976	15	147	2,200	30.0
	1977	20	145	2,900	37.0
	1978	25	105	2,600	21.0
	1979	20	185	3,700	47.0
	1980	25	80	2,000	40.0
	1981	25	228	5,700	118.0
State Total	1975	530	205	108,700	1,304.0
	1976	510	178	91,000	1,092.0
	1977	520	222	115,000	1,323.0
	1978	450	180	81,000	932.0
	1979	460	185	85,000	1,046.0
	1980	460	167	77,000	1,463.0
	1981	500	190	95,000	1,900.0
	1982	480			

FORAGE  
ALL HAY - ALASKA 1975-1981  
(Total State Acres through 1982)

District	Year	Area Harvested Acres	Yield Tons	Production	
				Tons	Value (000)
Tanana Valley	1975	4,600	1.72	7,900	979.0
	1976	4,350	1.56	6,800	788.0
	1977	3,600	1.39	5,000	635.0
	1978	3,850	1.53	5,900	711.0
	1979	3,000	1.03	3,100	380.0
	1980	4,900	.86	4,200	580.0
	1981	6,200	1.39	8,600	1,317.0
Matanuska Valley	1975	7,600	1.45	11,000	1,420.0
	1976	7,350	1.33	9,800	1,268.0
	1977	6,570	1.92	12,600	1,670.0
	1978	6,600	1.80	11,900	1,578.0
	1979	6,200	1.73	10,700	1,420.0
	1980	6,250	1.34	8,400	1,160.0
	1981	6,200	1.55	9,600	1,595.0
Kenai Peninsula	1975	2,050	1.17	2,400	370.0
	1976	1,900	1.00	1,900	255.0
	1977	2,030	1.43	2,900	462.0
	1978	1,650	1.52	2,500	349.0
	1979	1,400	1.29	1,800	232.0
	1980	1,450	1.38	2,000	300.0
	1981	1,900	1.00	1,900	304.0
Southwest <u>1/</u>	1975	100	.67	100	13.0
	1976	100	1.00	100	14.0
	1977	100	1.00	100	14.0
	1978	100	1.00	100	14.0
	1979	200	1.00	200	22.0
	1980	200	2.00	400	60.0
	1981	100	1.00	100	16.0
State Total	1975	14,400	1.49	21,000	2,782.0
	1976	13,700	1.36	18,600	2,325.0
	1977	12,300	1.67	20,600	2,781.0
	1978	12,200	1.67	20,400	2,652.0
	1979	10,800	1.46	15,800	2,054.0
	1980	12,800	1.17	15,000	2,100.0
	1981	14,400	1.40	20,200	3,232.0
	1982	13,100			

1/ Includes Southeast.

Cr/Yr	Acres	80% Insured	Bushel Guarantee	Settlement Price Election	Premium Rate	Projected Premium Subsidy
<u>Barley</u>			30	\$2.60	.20	.30
1981	16,500	13,200	396,000	\$1,029,600 Liability		\$ 62,000
1985	24,000	19,200	576,000	1,497,600 Liability		90,000
1990	38,700	30,960	928,800	2,414,880 Liability		145,000
<u>Oats</u>			50	\$1.70	.20	.30
1981	6,000	4,800	240,000	\$ 408,000 Liability		\$ 24,500
1985	8,800	7,000	352,000	598,400 Liability		35,900
1990	14,200	11,400	568,000	965,600 Liability		58,000
<u>Potatoes</u>			150 Sacks	\$4.00	.25	.30
1981	500	400	60,000	\$ 240,000 Liability		\$ 18,000
1985	800	640	96,000	384,000 Liability		28,800
1990	1,300	1,040	156,000	624,000 Liability		46,800
<u>Forage (All Hay)</u>			.8 Tons	\$45.00	.25	.30
1981	14,400	11,520	9,200	\$ 414,000 Liability		\$ 31,000
1985	21,000	16,800	13,440	604,800 Liability		45,400
1990	33,800	27,040	21,600	972,000 Liability		72,900
<u>Total Acres -- all 4 crops</u>				Total Projected Premium Subsidy -- all 4 crops (based on our expansion assumptions)		
1981	37,400			1981		\$135,500
1985	54,600			1985		200,100
1990	88,000			1990		322,700

\*12.50

13.60

10.90

7.20

document provided by USDA 9/1/83

## State Participation in Federal Crop Insurance

Unlike most other businesses, individual farmers have only limited control over the quantity of production or the prices received from their products. Farm income is more variable than any other national income category--six times more than non-farm proprietor's income. It takes only a 5 percent change in the aggregate quantity of production to cause a 25 percent change in net farm income.

The Federal Crop Insurance Act administered by USDA's Federal Crop Insurance Corporation (FCIC) complements provisions of the Farm Act which provides protection for farmers against price risk through its commodity loan and target price provisions. FCIC protects farmers against losses from natural disasters not provided for in the Farm Act. Farmers are assured of recovering, at a minimum, the lost capital they must have in order to continue farming--to buy the seed, fuel, and fertilizer that are the inputs of next year's food supply.

The Federal government through its system of ad hoc disaster assistance programs has accepted a role in providing assistance to farmers with the overriding purpose of stabilizing agriculture income which, in turn, benefits the entire economy by maintaining agricultural purchasing power for products produced by non-farmers which translates into increased food security for the American consumer.

The same logic can be applied to state governments which often provide programs and benefits to support various segments of the state economies.

This type of support in agriculture is not unprecedented. There are many combined local, state, and federal programs operating now involving research programs, informational programs, and direct aid programs all within the sphere of agriculture.

The insurance concept provided by FCIC provides a unique mechanism for such state-federal cooperation in the area of farm disaster and does not require exhaustive or expensive state systems of regulation.

Basically, the new law provides that state governments be given the opportunity to increase participation within their individual states in the comprehensive insurance program by providing additional subsidy incentive for farmers over and above the Federal contribution.

The Federal contribution is 30 percent of the premium cost up through the 65 percent of yield coverage level. An additional subsidy from a state for those farmers within that state would make the insurance more affordable and might encourage participation to be increased thus assuring a strong farm economy regardless of risk conditions.

page 2.

This type of support could be accomplished by the states in a number of ways:

1. The state could make direct payments to the producers for a specified share of the farmer-paid portion of his premium which is paid to the Federal Crop Insurance Program. This would be in the form of a state "refund" for a pre-determined portion of that premium.
2. The state could provide tax credits for participating farmers on its State Income Tax returns. This would be regulated strictly within each state and would have no direct Federal connection other than added incentive.
3. The Federal government could bill each cooperating state for its share of the additional subsidy--to be determined initially by each state--at the time the acreage reports are processed and the extent of farmer participation in each state is determined for the crop year.

This would be similar to the Canadian plan, only the Federal Government bills the State, instead of the Province billing the Federal Government.

4. The State could offer the entire insurance plan, similar to the Canadian program, and FCIC or a Federal agency could act as a reinsurer and share in the cost to a pre-determined extent.

The side benefits beyond the farm sector to rural communities and urban areas would be enormous. The additional guarantees that farmers in the state would have to meet loan repayment obligations and to pay cash costs, even when crops fail, would stabilize the economic activity of local communities and strengthen the surrounding rural economy and, to a lesser degree, the urban economy.

\*\*\*\*

8/20/82

# Alaska State Legislature

BETTYE FAHRENKAMP, Chairman  
ROBERT H. ZIEGLER, SR., Vice Chairman  
DICK ELIASON  
PAUL FISCHER  
VIC FISCHER  
BOB MULCAHY  
ARLISS STURGULEWSKI



POUCH V  
STATE CAPITAL  
JUNEAU, ALASKA 99811  
(907) 465-3834  
(907) 465-3835

## Senate

### Committee on Resources

#### M E M O R A N D U M

TO: Senate Resources Committee Members

FROM: Senate Resources Committee Staff

RE: SB 336, An Act relating to state contributions toward the premium for federal crop insurance.

DATE: January 20, 1984

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On Monday, January 23, 1984 the Senate Resources Committee will hear SB 336, An Act relating to state contributions toward the premium for federal crop insurance.

In effect in Alaska since 1982, the Federal Crop Insurance Program protects against losses from natural disasters. During 1983, approximately 75% of the 12,000 Delta barley acres were insured, at an average cost of \$12 per acre. The federal government subsidizes 30% of each farmer's premium payment.

Under SB 336, the state would provide an additional 30% subsidy, which would reduce the insurance premium paid by the farmer. The corporation would calculate the state's premium share, and payments to the corporation would be through appropriations from the general fund.

The Division of Agriculture, Department of Natural Resources, estimates the cost to the state for its participation at \$140,000 for FY 85 (for the 1984 and 1985 crop years), \$80,000 for FY 86, and \$90,000 for FY 87. These figures are based on a total premium of \$12 per acre, with the state's share figured at \$4 per acre.

The meeting will be held at 3:00 pm in the Beltz Room.

# MEMORANDUM

State of Alaska

TO: Senator Bettye Fahrenkamp

DATE: 1/19/84

FILE NO:

TELEPHONE NO:

FROM: *Bill Heim*  
Bill Heim, Director  
Division of Agriculture  
Department of Natural Resources

SUBJECT: S.B. 336

The administration requests that the following amendment be added to S.B. 336.

03.10.030 (c) An applicant for a short term loan may be required to purchase insurance through the Federal Crop Insurance program.

The Agricultural Revolving Loan Fund Board (ARLF) has been doing this on a selective basis during the past year. If this amendment was part of the statute it would give the ARLF Board a more solid base to require certain borrowers to participate in the Crop Insurance Program. Since the State is the major lender of operating funds to small grain farmers, the ARLF should make every effort to protect its collateral through the Crop Insurance Program.

cc: Sharon Barton, Special Assistant  
Dean Brown, Deputy Director

Comments Concerning the Federal Crop Insurance Program  
by William H. Beardsley, submitted to the  
Senate Special Agriculture Committee in  
Anchorage, Alaska on October 6, 1983

My name is William H. Beardsley. I am director of the Division of Finance and Economics, Department of Commerce and Economic Development, State of Alaska. I am not an expert on Federal Crop Insurance nor do I propose to take a position on the advisability of the State underwriting part of the premium. Rather, I would like to make a few observations.

It is my understanding that the Federal Crop Insurance Program (FCIP) is a program to insure a farmer against low crop yields rather than low price and that basically the Federal Government underwrites the program by about 30%. Stated another way, the program plans to pay out \$1.00, 90¢ of which goes out on a recurring basis and 10¢ is set aside for catastrophe. For this, the farmer and/or the State pays 70¢. In fact, the federal subsidy is greater than 30% because the feds pick up administrative costs, such as the adjuster who is in Delta Junction right now.

If my understanding is correct, a region is classified as having a certain average yield per acre given certain minimal production practices. Ultimately, an individual farmer can receive his own average yield classification.

Next, each farmer may select the percent of average yield he would like to have guaranteed and the price he would like to be paid for his deficiency if he falls below the guaranteed level. Depending on his selection, a federally subsidized premium is established which he must pay. Federal legislation permits the State to pick up a share of that premium. In Alaska, talk of the State picking up 30% of the premium has been discussed.

While the following comments may include some inaccuracies, I believe they are issues deserving of further consideration.

First, where an average yield is established for an area, say Delta, there appears to be a greater incentive for low yield producers to participate in FCIP than high yield producers since they are statistically more likely to collect. This inequity can be addressed by developing different average yields for each farm.

Second, if FCIP production standards are not rigorous, a farmer might profit by reducing standards to maximize insurance in the short run. For FCIP to enhance farming practices, high standards must be strictly enforced.

Third, the State may opt to be reimbursed for its share of the investment when a failure occurs rather than have the total reimbursement go to the farmer. In essence, if this strategy is used, the State subsidizes success rather than failure and program costs are reduced. The pros and cons of State reimbursement should be studied carefully.

Fourth, it is my understanding that there is nothing sacred about a State contribution of 30% and that participation rates in other states are rarely high. This suggests that a ceiling of, say, \$100,000 and a variable State percentage contribution could be used, thereby fixing the State's annual outlay. At 30%, \$100,000 would insure 27,000 acres. If more acres were insured the percentage State subsidy would fall and if fewer acres were insured 30% could become a ceiling and the State would not expend the entire amount. Methods for limiting State exposure might be worth investigating.

Fifth, the State contribution need not be seen totally as a subsidy. This form of insurance may partially replace other public safety nets and may provide insurance compensation in lieu of reimbursement to farmers for damage by bison. Pennsylvania has such a wildlife compensation clause in its insurance contribution. The benefits and costs other than direct assistance should be considered.

Finally, it is probable that subsidizing an insurance program in early years of agricultural development, when crop yields are likely to fluctuate most broadly and capitalization is generally weakest, is least likely to undermine free market forces than in a mature production region. A phase out or sunset provision for State subsidy might be considered.

Thank you.

WHB/wfs3/7

10583a

Statement of Merritt W. Sprague, Manager  
Federal Crop Insurance Corporation  
U.S. Department of Agriculture  
before the  
ALASKA HOUSE & SENATE COMMITTEE ON RESOURCES  
Juneau, Alaska  
January 11, 1984

The crop insurance program administered by the Federal Crop Insurance Corporation (FCIC), and agency of the U.S. Department of Agriculture, is the first line of defense against the adverse economic impact of severely reduced crop production due to natural disasters. Crop insurance replaces many of the disaster payment programs of the past. It is the kind of user-supported program, making maximum involvement of private sector participation, that is favored by many in today's society.

The crop insurance program is expected by Congress to be conducted as a business which follows sound insurance practices and principles. It is designed to provide farmers with dependable, equitable protection that utilizes taxpayer's support in the most cost-effective manner possible.

In keeping with the mandates of the 1980 Federal Insurance Act, much progress has been made toward expanding participation, increasing number and adequacy of insurance offers, building a professional, well-trained delivery system, and developing an effective agency which meets its responsibilities in a timely and efficient manner.

Crop insurance premiums are almost entirely used to pay losses or build reserves to cover future catastrophic loss situations. The premiums are cost-shared by the U.S. Department of Agriculture to a maximum extent of 30 percent at the 55 percent coverage level. The administrative costs of the crop insurance program, including all expenses related to sales, loss adjustment, and operations of the FCIC, are paid from appropriated funds and in effect, are a further indirect subsidy to the program.

Even without state subsidy, the cost of crop insurance to the producer is often less than the cost of the seed planted. Crop insurance is a

high-value, reasonably-priced package of protection which each and every producer needs to fully consider.

The Federal Crop Insurance program seems particularly designed for and should be very useful to farmers in Alaska considering the known risks of crop production in the Alaskan areas presently producing field crops.

Mid-summer frosts, early fall rain during harvest, and the acquired taste for barley by Buffalo seems to occur with some regularity in at least the Delta Junction area where the major portion of our insurance experience has been. Federal Crop Insurance has, since the 1982 crop year, been able to help Alaskan farmers respond to these unavoidable risks to crop production in the Delta Junction and Matanuska Valley areas. Our 1983 program provided for protection from all of the natural risks on approximately 70 percent of the planted acres in the primary crop producing areas of the state. This was accomplished through a partnership between the Federal Crop Insurance Corporation and insured farmers -- both sharing in the premium costs.

As I indicated earlier, our current legislation provides for the Federal Government to participate in approximately 30 percent of the total premium payment. The intent of the proposed Alaska legislation is to provide this same premium partnership between the Alaska State Government and Alaskan farmers. This is a long range plan for a risk sharing partnership between Alaskan farmers and the legislative body which also created the legislation which provided for the development of cropland from forest ground. It is my understanding most of the area producing field crops (barley) has been developed from native forest land during recent years and much more cropland development is planned for the future.

It would be our intent that this long range partnership and risk management plan should not become a tax burden to the citizens in the great state of Alaska. Rather, this proposal would allow the Alaska State Government to make an annual investment in a three-way partnership along with Alaskan farmers and the Federal Government to help manage the considerable risks of growing field crops.

Today's crop insurance is greatly improved and can serve as a very important part of producer's risk management plan. Everyone would benefit from greater

participation; farmers most especially. Lenders are in greater numbers requiring crop insurance as a condition for farm operating loans because such insurance helps protect their investment in agriculture.

Crop insurance provides individual farmers significant help in resolving cash flow problems when production problems arise. This will further strengthen the local agricultural economies. For example, farmers will be able to meet financial obligations to the Alaska Revolving Loan Fund by insuring against crop loss due to natural hazards.

We in crop insurance have increased our level of commitment to Alaskan farmers as we have expanded the areas and crops insurable in Alaska effective for the 1984 crop year. During 1984, for the first time Federal Crop Insurance may be obtained by any Alaskan farmer producing wheat or oats, wherever they are located in the state, simply by letting us know his need.

The ultimate result of this proposed legislation will be to provide Alaskan State Government support for the tremendous efforts of individual Alaskan farmers to produce field crops on a commercial basis to meet future needs.

The FCIC will work with the State of Alaska to minimize administrative expenses associated with state support for crop insurance. The only required administrative costs to the state should relate to the preparation and transmission of payments by the state to FCIC on the behalf of Alaska producers.

In summary, the bill being discussed today should lead to greater participation by Alaska producers in the crop insurance program. The reduced cost to the producer should make it far more attractive to individual farmers. It will be a higher value package in relation to its cost.

Increased participation will mean that the needs of producers for risk management protection will be better met. This is particularly significant in view of the absence of other disaster payment programs. Also, increased risk protection for more Alaskan farmers will have a beneficial impact on other segments of your economy whose viability depends on a healthy agriculture.

The recent improvements in crop insurance contracts and operational procedures make crop insurance more attractive than ever to producers. The need for financial protection in uncertain economic times is greater than ever. As a result, high levels of participation in crop insurance are vital to the protection and maintenance of the modern agricultural economy. The bill, which would provide additional incentives to participation in crop insurance, should benefit all segments of Alaska society.

We, at FCIC, are committed to working with you in any appropriate fashion in what we consider to be a major initiative to help Alaska producers. We commend you for your foresight and efforts. I thank you for this opportunity to appear before the committee.

S

B

337

COMMITTEE REPORT

HOUSE

(9)

FURTHER: FINANCE

1/30/84

Date: 02/20/84

The Committee on RESOURCES has had HB 551

"An Act relating to the Delta Junction bison range; and providing for an effective date."

under consideration and recommends:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for HB 551  same title
- new title
- and recommends DO PASS
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation  Zero Fiscal Note Attached
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

<u>Diak Shultz</u>	SHULTZ
<u>Howard J. Larson</u>	LARSON
<u>Robert Vaska</u>	VASKA
<u>Walter Buswell</u>	BUSWELL
<u>John J. Liska</u>	LISKA
<u>John J. Lowderly</u>	LOWDERLY
<u>Richard Uehling</u>	UEHLING
<u>Richard Ringstad</u>	RINGSTAD

Richard Ringstad  
CHAIRMAN

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

REQUEST

Bill/Resolution No.: SB 337  
Title: Delta Junction Bison Range

Sponsor: Moss  
Requestor: \_\_\_\_\_  
Date of Request: 1/9/84

FISCAL DETAIL

Agency Affected: Natural Resources  
Program Category Affected: Presuppression / North central Small Timber Sale  
BRU, Program or Subprogram(s) Affected: Forest Management / Forest Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 CRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>						
<b>CAPITAL</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>REVENUE</b>	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

SB 338 appropriates \$60,000 from the general fund to the Department of Natural Resources for administration of timber sales and fire suppression on the Delta Bison Range

ANALYSIS: Attach a separate page for analysis

Prepared By: Carol Wilson Phone: 465-2400  
Division: Commissioner's Office Date: 2-16-84  
Approved by Commissioner: William D. Amiel, Director Date: 2-16-84  
Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):

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

12/1/83



# Alaska State Legislature

## House of Representatives

Pouch V  
State Capitol  
Juneau, Alaska 99811

Official Business To: Committee members

From: Resource Committee Staff

Date: May 11, 1984

Re: Analysis of SB 337, The Delta Junction Bison Range

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### I. Legislative History.

The Delta Junction Bison Range Area was created by law, HB 31, during the 1979 legislative session. The purpose of the Range was to perpetuate the free-ranging of bison in the Delta Junction area. Its goal was to allow for adequate winter grazing for the bison on the range. Also, because of the damage caused to the herds by the agriculture projects, the range was to aid in altering the seasonal movements of bison herds.

Originally, the Delta Junction Bison Range area was to only be in existence for three years, starting August 1, 1979, and terminating on August 1, 1982. (see Sec. 3 of Chapter 39, SLA 1979) However, this date was extended to August 1, 1989. (see Sec. 1, Ch. 73, SLA 1980)

### II. The Situation Today.

Apparently, there still exists problems with the Delta Bison herd. The agricultural project provides a threat to the bison, due the fact that bison are a grazing animal, and they like barley. Thus, they graze on or near the site of the farms. The problem really exists because the Bison Range has never really been completed. The intent of the 1979 legislation has never been enacted.

This year, a group of Delta area residents began meeting to attempt to find a solution to the problem. The group is composed of farmers, sportsmen, a representative from the Division of Game, representatives from the logging industry, and other concerned Delta area residents.

SB 337 is one product of this Delta area group.

### III. Sectional Analysis of HCS CSSB 337(Res)

- Section 1. Amends existing AS 16.05.346 by adding subsection (b) which raises the permitting fee for bison from \$5 to \$10.
- Section 2. Returns AS16.05.346 to its original form. This section just deals with how the Department shall issue permits.

- Section 3. This amends AS 16.20 by creating timber sales on the Delta Junction Bison Range. Requires that DNR, division of Forestry, provide for the sale of timber on the range.
- Section 4. Repeals the new section added to AS 16.20 which provides for the sale of timber on the bison range. (Does not get repealed until Aug, 1984, see sec. 6)
- Section 5. Effective date for Sec.s 1. and 3. is July 1, 1984.
- Section 6. Effective date for Sec.s 2. and 4. is August 1, 1989.

SENATE SPECIAL COMMITTEE ON AGRICULTURE  
Senator H. Pappy Moss, Chairman

SENATE BILL 337 AND ITS COMPANION BILL IN THE HOUSE, HOUSE BILL 552, OFFER THE SOLUTIONS WHICH WILL PUT AN END TO BISON CROSSPASSING IN THE AGRICULTURAL PROJECTS. THE EFFECTIVENESS OF DEVELOPING AN ALTERNATE GRAZING AREA FOR THE BISON HAS BEEN SHOWN. THE PLANTING ON THE DELTA JUNCTION BISON RANGE LAST YEAR WAS SUFFICIENT TO HOLD THE BISON IN THAT AREA FOR WEEKS BEYOND THEIR USUAL STAY.

SENATE BILL 337 & HOUSE BILL 552 PROVIDE FOR COMPLETING THE DEVELOPMENT OF THE BISON RANGE. THE DEPARTMENT OF FISH AND GAME FEELS THAT THIS WILL KEEP THE BISON HOME ON THE RANGE, SOLVING THE PROBLEM THAT HAS BEEN PLAGUING FARMERS WHOSE CROPS RIPEN IN THE FIELDS JUST AS THE BISON'S WINTER MIGRATION BRINGS THEM, HUNGRY, HOME FROM THE HILLS.

SENATE BILL 337 RAISES THE BISON HUNT PERMIT FEE FROM FIVE DOLLARS TO TEN DOLLARS. WITH OVER 10,000 PEOPLE APPLYING FOR THESE PERMITS EACH YEAR, WE BELIEVE THE BISON RANGE WILL BE GENERATING ENOUGH REVENUE TO MORE THAN COVER THE EXPENSE OF ITS MAINTAINANCE. ADDITIONALLY, THE INCREASE IN THE STATE'S FISH AND GAME BUDGET WILL GENERATE MATCHING FEDERAL MONIES FOR THAT DEPARTMENT'S OPERATIONS. THIS BILL ALSO ESTABLISHES A BISON RANGE ADVISORY COMMITTEE AND PROVIDES FOR D.N.R. TO MANAGE TIMBER SALES ON THE RANGE AREA.

HOUSE BILL 552 PROVIDES FUNDING FOR THE DEVELOPMENT OF THE RANGE AND FOR THE ADMINISTRATION OF TIMBER SALES AND FIRE SUPPRESSION.

FOR YEARS WE HAVE BEEN HEARING BUFFALO BILLS TESTIMONY IN THE HOUSE AND THE SENATE. SENATE BILL 337 TOGETHER WITH HOUSE BILL 552 WILL GO FURTHER TOWARD RESOLVING THE HUNGRY BISON/IRRATE FARMER CONFLICT THAN ANY WE HAVE SEEN BEFORE. BOTH LOVE THE LOOK OF A RIPE AND HEALTHY FIELD OF BARLEY. WHILE THE BISON DON'T SEEM TO BE ABLE TO SHARE WITH THE FARMER, THEY CAN SHARE THEIR EXPANDED RANGE WITH MOOSE, CARIBOU, BEAR, GROUSE, AND OTHER WILDLIFE IN THE AREA. THEY ALSO PEACEFULLY SHARE THEIR RANGE WITH THE PUBLIC, WHICH USES THE RANGE FOR CAMPING, FISHING, HUNTING, TRAPPING, HIKING, DOG SLED RACING, AND SO ON.

THE PASSAGE OF THESE BILLS SHOULD GO A LONG WAY TOWARD ENSURING THAT THE PROBLEMS OF THE DELTA JUNCTION BISON RANGE WILL FINALLY BE TAKEN CARE OF.

SENATE SPECIAL COMMITTEE ON AGRICULTURE  
Senator H. Pappy Moss, Chairman

Sectional Analysis of HCS CSSB 337(Res)

- Section 1. Amends the existing AS 16.05.346 by adding subsection (b) which raises the perming fee for bison from \$5 to \$10.
- Section 2. Returns AS 16.05.346 to its original form.
- Section 3. Adds a new section to AS 16.20 which provides for the sale of timber on the bison range.
- Section 4. Repeals the new section added to AS 16.20 which provides for the sale of timber on the bison range.
- Section 5. Effective date for Sec.s 1. and 3. is July 1, 1984.
- Section 6. Effective date for Sec.s 2. and 4. is August 1, 1989.

SENATE SPECIAL COMMITTEE ON AGRICULTURE  
Senator H. Pappy Moss, Chairman

NOTES ON THE DELTA JUNCTION BISON RANGE

BACKGROUND

The Delta Junction Bison Range was established by the Alaska Legislature in 1979 to "provide an adequate winter range for the bison," and to "diminish the damage caused by the herds to agriculturally developed land." The 70,000 acre Range grew out of the Delta Land Use Plan, in which citizens and agencies involved in resource management recommended that the land north of the mountains and south of the Alaska Highway should be used for recreation and wildlife, especially bison, and the land north of the highway should be developed for agriculture.

THE PROBLEM

Shortly after their arrival in the Delta area in 1928, a pattern of annual bison movements began to emerge. During summer, the animals spent their time on the gravel bars along the Delta River, and in fall they gradually moved to the Delta area to take advantage of the open forests. Later in the winter, they slowly moved back toward Delta River. This basic movement pattern continues today.

When small farms were developed in the Delta area in the early 1950's, the grain fields in the farming area became, and will continue to be until some alternative has been provided, a major part of the bison's winter range. The development of the Bison Range will provide diversion feed areas, and as they are increased in size, they will become able to support the bison throughout the winter periods.

THE SOLUTION

The effectiveness of providing an alternate range to the agriculture fields has been shown. As land on the Range has been cleared and planted, bison use of the range has increased and agricultural damage has been reduced. Implementation of Senate Bills 337 and House Bill 552 would provide fall bison range to reduce or eliminate crop depredations; increase bison winter range; and also provide a variety of habitats for game and nongame species. Recreational opportunities including hunting, trapping, viewing, and photography would be enhanced. Timber resources would be harvested, offsetting the costs of development over time and boosting the local economy.

QUESTIONS AND THOUGHTS ON THE BISON HERD  
AND BISON RANGE DEVELOPMENT

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Senator H. Pappy Moss  
February, 1984

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1. How many bison are in the herd today?

According to Dave Johnson, Fish and Game Biologist at Delta Junction, there are between 300 and 325 bison now in the herd. His approximate figure is 321. By the spring, immediately prior to calving, this number will have been reduced by roadkills and hunting to approximately 300.

2. How many farms are actually impacted by the bison damage?

Before development of the Delta I & II projects, the bison roamed the Clearwater/Big Delta agricultural areas. Since the Delta I & II projects have been producing crops, most of the damage done has occurred there. In 1983, the winter bison range supported the bison herd through September, significantly reducing the amount of damage to crops. However, by September, having depleted the forage on the winter range, the bison moved across the highway to the Brehmer tract and up the Gerstle River to the Mitchell and Rutt tracts where they still caused considerable damage to the crops.

The damage to the crops is caused by the bison eating, trampling, and wallowing in the fields, and also by contamination of certified fields through the introduction of non-certified grains and weeds via the bison's droppings.

3. Is there any barrier currently in place and what exactly is a bison drift barrier?

There is currently no bison drift barrier in place. The proposed bison drift barrier is a training device more than a physical barrier. It is a type of fence that is commonly used in bison and other wildlife management. The barrier is constructed of four high tensile strength smooth steel wires, two of which are electrified.

The barrier will not contain the herd, but will deflect their movement away from the agricultural areas.

4. How important is the barrier to the effectiveness of this bill?

The main emphasis of the bill is the development of the winter range for the bison. The development of the range will largely control the bison herd by providing a diversionary planting which will be an attractive alternative to the agricultural fields. The barrier reinforces the use of the bison range by the herd by deflecting their movement back into that area.

The conflict between the bison and the farmers develops between August and October. This harvesting time for the farmer coincides with the depletion of the bison's currently available winter forage.

5. Why is an Advisory Committee necessary?

There are few issues that an entire community can come to total agreement on. The City of Delta Junction, from a diversity of areas within the community, uniformly supports the bison herd. Input from Advisory Committee members representing the Delta agricultural project; nonconsumptive wildlife users; timber, mining and other consumptive natural resource industries; and tourism would offer local advice to the Department of Fish and Game, the Department of Commerce and Economic Development, and the Alaska Agricultural Action Council. Local participation in the development of a game management plan and the construction and maintenance of the bison drift barrier would help maintain the consolidated support for the bison projects within the community. The Advisory Committee, representing all concerned factions of the community would be of considerable help to the state departments in developing policies in a mood of compromise and single purpose, rather than in conflict.

Members of the Advisory Committee would not be entitled to per diem, travel, or other compensation from the state for their duties as committee members, so there would be no fiscal impact from this portion of the bill.

6. What tourist facilities exist at this time, and what type are being proposed?

There are currently no tourist facilities at the Bison Range. There is a general tourist information center in the City of Delta Junction about 13 miles to the northwest which is operated by the Chamber of Commerce. There is no special presentation there, or at the range, where the bison project and the bison range could be explained to the public at this time.

Simple viewing platforms are being proposed. There are two well sites on the range where pools would be developed and salt would be placed to attract the bison. In nearby groves of trees, elevated

platforms with slots or holes in plywood fronts facing the watering holes would be set up. These platforms would provide viewing and photography sites where tourists could observe the bison without disturbing them. These sites would be within reasonable walking distance from the highway. These facilities will be simple and relatively easy to build and maintain.

Future development of the tourist facilities at the range would be gradual and based upon the use and demand placed upon the existing facilities. A more elaborate facility might include an information station or an interpretation center at the range and special guided tours into the range. Any funds generated by offering these tours, or through sale of publications at the information center, could be fed back into the program to further develop walking trails or interpretive exhibits at the range.

7. What type of burning is required to clear the range?

Originally, naturally caused wildfires periodically swept the range, keeping it clear of brush and deciduous growth. The absence of brush allowed the winds to sweep the range clear of snow, enabling the bison to graze throughout the winter. When the area became populated, the wildfires were strictly controlled, and much of the grazing area became covered with dense brush. This allowed the snow to accumulate in drifts, burving what grazing range had been left available to the bison in their original winter range.

The burning which will be required to clear the range will duplicate the action of the natural wildfires by removing the brush thereby increasing light and moisture available to the natural grass seed. The natural grasses will be able to grow back and become re-established as a perennial. The low brush which does follow after such prescribed burning creates a browse for moose, which also inhabit the range area.

Prescribed burning takes place under strictly controlled conditions with extreme precautions against mishap. Only when wind and moisture conditions are exactly right for that operation, would the burning be allowed. Extensive measures are taken to insure safety during this operation which involves the use of a helicopter and over 60 people to monitor the burn. The cost of providing a range by this method of burning and natural seeding is approximately \$20/acre as compared to \$100/acre for conventional clearing and seeding.

8. Why are the hunt permit fees being raised, and who administers the Bison Hunt Permits?

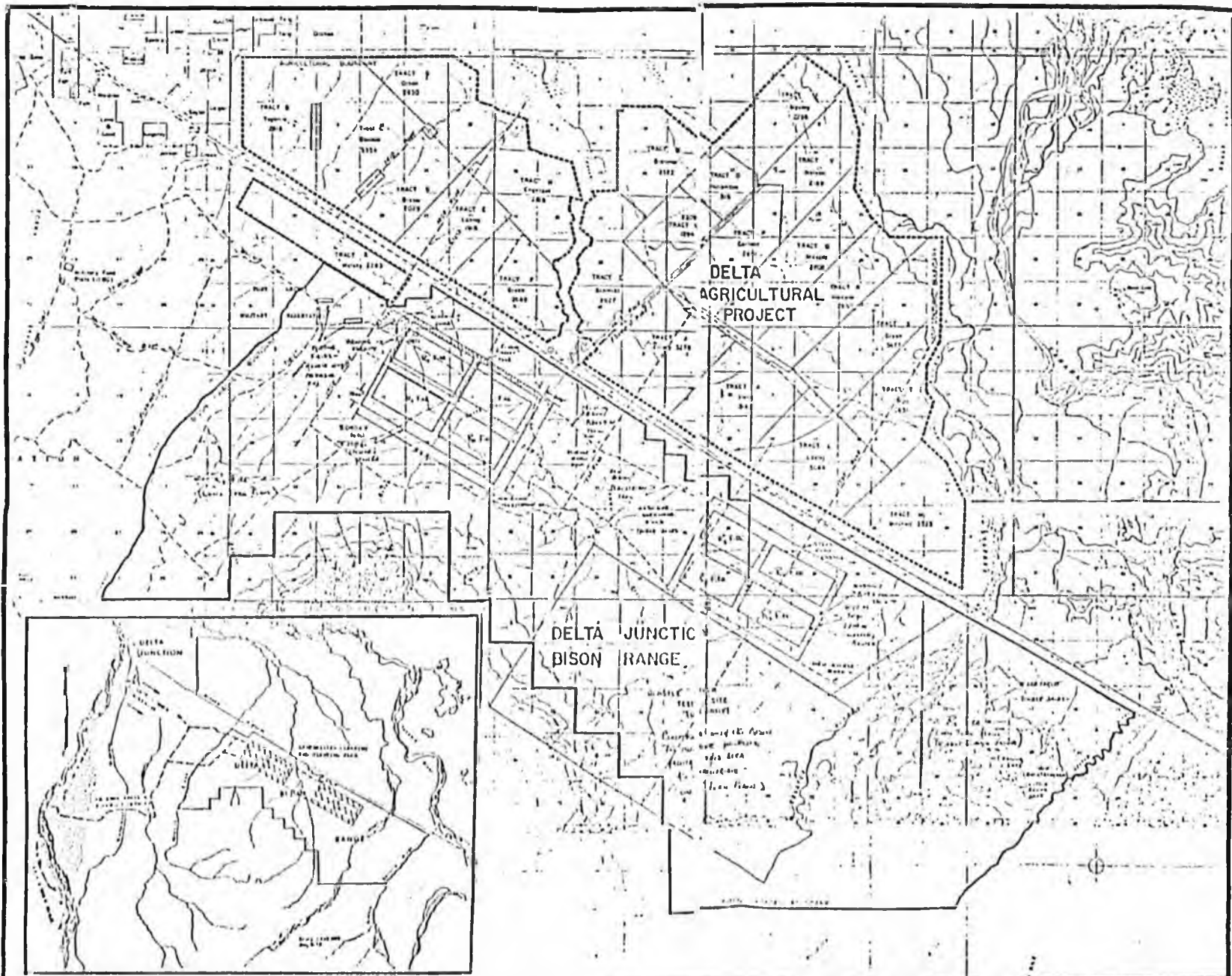
The Alaska Department of Fish and Game issues the Bison Hunt Permits. There were 75 permits issued last year among 10,000 applicants. The plan to raise the fee for application from five dollars to ten dollars will increase the revenue from that sale to about \$100,000 to the state. The additional \$50,000 obtained is approximately the same amount as would be required to maintain the larger bison range. The increase in permit application fees is supported by the Alaska Outdoors Council.

9. Is there currently any timber harvesting on the bison range?

Within the bison range there have already been some small scale timber sales. Some areas within the bison range have been marked for timber sales, and the sales would be administered by the Division of Forestry. Approximately \$32,000 is expected to be derived from sales of firewood and pole cutting after burns. Increased revenues would be obtained by commercial sales. This combined personal use/commercial timber harvest sale would be managed by staff from the Delta area already employed by the Division of Forestry.

10. Is the range a bison reserve to be used exclusively by the bison?

No, in addition to serving as the bison's winter range, the area would also serve moose, caribou and other wildlife indigenous to the area. The Range would provide a new habitat for sharp-tailed grouse and additional hunting opportunities for bison, moose, bear, grouse, hare, and furbearers. The area is also used for recreational purposes as well as for timber and firewood sales, with the public being encouraged to use the area for camping, fishing, hunting, trapping, hiking, viewing, photography, dog sled racing and so forth.



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(b) the board shall require the person or governmental agency to obtain the written approval of the commissioner as to the sufficiency of the plans or specifications before construction is commenced. (§ 2 ch 140 1972; am § 28 ch 206 SLA 1975)

Sec. 16.20.270. Additional critical habitat areas. The commissioner shall submit a list of additional critical habitat areas to the legislature annually. (§ 2 ch 140 SLA 1972)

Article 6. State Range Areas.

Section

- 300. Delta Junction Bison Range Area
- 310. Game management plan
- 320. Activities on range area

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Cross reference. — For legislative purpose, see sec. 1, ch. 39, SLA 1979 in the Temporary and Special Acts. Editor's notes. — Section 3, ch. 39, SLA 1979, as amended by sec. 1, ch. 73, SLA 1980, provides that the provisions of AS 16.20.300 — 16.20.320 "terminate" on August 1, 1989.

Sec. 16.20.300. Delta Junction Bison Range Area. The following described areas, excluding valid existing rights, are established as the Delta Junction Bison Range Area:

(1) Township 11 South, Range 12 East, Fairbanks Meridian

Section 28: S 1/2 SW 1/4, SW 1/4 SE 1/4 and that portion of the NW 1/4 SW 1/4 east of the west bank of Granite Creek excluding A.S.L.S. 78-93, Tract A, Unit 1

Sections 29, 32: those lands east of the west bank of Granite Creek

Section 33: all, excluding A.S.L.S. 78-93, Tract A, Unit 1

Section 34: S 1/2 NW 1/4, excluding A.S.L.S. 78-93, Tract A, Unit 1, S 1/2

Section 35: S 1/2, S 1/2 NW 1/4, that portion of the NE 1/4 lying south of the Alaska Highway excluding a corridor extending 1320 feet from the centerline of the highway

Section 36: that portion lying south of the Alaska Highway excluding a corridor extending 1320 feet from the centerline of the highway

(2) Township 12 South, Range 11 East, Fairbanks Meridian

Sections 13, 24-26, 35, 36: all

Sections 1, 11, 12, 14, 22, 23, 27, 34: those lands east of the west bank of Granite Creek

(3) Township 12 South, Range 12 East, Fairbanks Meridian

Sections 1-4, 7-25, 30, 36: all

Sections 5, 6: those lands east of the west bank of Granite Creek

(4) Township 12 South, Range 13 East, Fairbanks Meridian  
Sections 5, 6, 9: that portion lying south of the Alaska Highway excluding a corridor extending 1320 feet from the centerline of the highway

Section 7: all

Section 8: all, excluding a corridor extending 1320 feet from the centerline of the Alaska Highway

Section 10: that portion of the SW 1/4 lying south of the Alaska Highway excluding a corridor extending 1320 feet from the centerline of the highway

Section 14: S 1/2 S 1/2 SW 1/4

Section 15: S 1/2, NW 1/4, excluding a corridor extending 1320 feet from the centerline of the Alaska Highway

Sections 16-22: all

Section 23: S 1/2, NW 1/4, S 1/2 NE 1/4, S 1/2 N 1/2 NE 1/4

Section 24: SW 1/4, S 1/2 NW 1/4, excluding a corridor extending 1320 feet from the centerline of the Alaska Highway, S 1/2 S 1/2 SE 1/4

Sections 25-36: all

(5) Township 12 South, Range 14 East, Fairbanks Meridian

Sections 19, 28-30, 33-35: that portion lying south of the Alaska Highway excluding a corridor extending 1320 feet from the centerline of the highway

Sections 31, 32: all

(6) Township 13 South, Range 13 East, Fairbanks Meridian

Sections 1-5, 9-15, 23-25, 36: all

(7) Township 13 South, Range 14 East, Fairbanks Meridian

Section 1: that portion lying south of the Alaska Highway excluding a corridor extending 1320 feet from the centerline of the highway

Sections 2-36: all

(8) Township 13 South, Range 15 East, Fairbanks Meridian

Sections 5, 6, 8-10, 15: that portion lying south of the Alaska Highway excluding a corridor extending 1320 feet from the centerline of the highway

Sections 7, 16-20, 30: all

Sections 21, 22, 28, 29, 31, 32: that portion lying west of the east bank of the Little Gerstle River

(9) Township 14 South, Range 14 East, Fairbanks Meridian

Section 1: that portion lying west of the east bank of the Little Gerstle River

Sections 2-6: all

(10) Township 14 South, Range 13 East, Fairbanks Meridian

Section 1: all

(11) Township 14 South, Range 15 East, Fairbanks Meridian

Section 6: that portion lying west of the east bank of the Little Gerstle River. (§ 2 ch 39 SLA 1979)

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FISH AND GAME

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**Sec. 16.20.310. Game management plan.** (a) The commissioner of fish and game shall develop and may amend a game management plan for bison in the area described in AS 16.20.300. After holding public hearings in accordance with AS 44.62.310 and 44.62.312, the commissioner shall implement the game management plan.

(b) The game management plan shall include, but is not limited to

(1) planting grains for bison and planting other wildlife forage;

(2) altering existing plant cover to create additional range and year-round habitat for bison and other animal species in the area;

(3) tilling to produce forage.

(c) The commissioner of fish and game shall develop and amend the game management plan to coordinate, as closely as possible, the game management plan with the activities of the Agricultural Development Authority, Department of Natural Resources, relating to the Big Delta agricultural development project. (§ 2 ch 39 SLA 1979)

**Sec. 16.20.320. Activities on range are .** Nothing in AS 16.20.300 — 16.20.320 shall be construed as prohibiting activities on land described in AS 16.20.300 which are otherwise permitted in accordance with the laws and regulations of this state, including, but not limited to, hunting, trapping, engaging in recreational activities, using the land for access to adjacent areas and a 300-foot Alaska Railroad right-of-way. (§ 2 ch 39 SLA 1979)

### Chapter 25. Stocking of Public Lands.

#### Section

10. Program adopted

**Sec. 16.25.010. Program adopted.** There is adopted a program of stocking land in the state with valuable game and fur-bearing animals which do not at present occur on the land. The department is responsible for establishing priorities on the species of animals to be stocked and the area of the stocking. Priorities shall be based on the habitat requirements of the species, the population of native game animals present, and other factors that will effect the successful establishment of the species. (§ 39-7-1 ACLA 1949; am § 1 ch 97 SLA 1970)

*Secs. 16.25.020 — 16.25.060. Projects enumerated; duties of department; stock and offspring property of state; unlawful taking; penalty. [Repealed, § 2 ch 97 SLA 1970.]*

### Chapter 30. Destruction of Big Game Animals and Wild Fowl.

#### Section

10. Wanton waste of big game animals and wild fowl

12. Possession of horns or antlers

#### Section

15. Surrender of salvaged portions, license forfeiture

17. Defenses



Salcha - Big Delta Soil Conservation Subdistrict  
Box 547 - Delta Junction, AK 99737 - Phone (907) 895-4241

February 3, 1984

Bettye M. Fahrenkamp, Chairperson  
Senate Resources Committee  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Senator Fahrenkamp:

We would like to express our support for SB-337 and SB-338, dealing with the accelerated development of the Delta Bison Range. We have always supported the concept of the Bison Range, and were among the earliest supporters of it, during the Delta Land Management Planning Study, in the late 1970's.

We do however, have some reservations concerning the placement of the drift fence. We would prefer it totally south of the Alaska Highway, and one continuous piece with only gates and no cattle guards. We do feel that the present proposal is the next best choice.

Please read the attached policy statement entitled "Delta Bison Herd," dated Jan. 5, 1984. It more clearly explains our position concerning bison.

To sum up, the rapid development of the Bison Range is needed urgently, to forestall a serious conflict between farmers, bison, and pro-bison people.

Sincerely,

Richard S. Roberts  
Chairman

Encl: Policy Statement: Delta Bison Herd

cc: Senator H. Pappy Moss  
Delta Bison Management Ad Hoc Committee



Salcha - Big Delta Soil Conservation Subdistrict  
Box 547 - Delta Junction, AK 99737 - Phone (907) 895-4241

January 5, 1984

### DELTA BISON HERD

Resolution to Update Policy Position  
(Motion by Forck, seconded by Carlson, passed unanimously at the regular monthly supervisor's meeting on 1/5/84)

The Supervisors of this District wish to reaffirm their support for the Delta Bison Herd and the Delta Bison Management Area as expressed in the Delta Land Management Planning Study. We also affirm our support of the Delta Bison Management Plan as subsequently developed by the Department of Fish and Game. This support extends to the clearing of land and planting of grain and/or forage on parts of the management area, on the Fort Greely Military Reservation, and the summer range development plans for the area west of the Delta River. We also support continuation of permit hunts as a good management tool for maintaining herd size and herd health, and to help to keep the animals from damaging or destroying private property and becoming a public nuisance.

In conjunction with these positive reactions, the Supervisors also wish to make note that herd size has increased well beyond that proposed in the Delta Study. Until such time as range is provided within the Bison Management Area to replace that which has disappeared due to natural vegetative progression and pre-emption for other uses (military, residential and commercial, agricultural), we feel the herd size should be cut back to that originally envisioned and maintained at that level unless additional range is provided.

The current proposal to construct a line or drift fence to keep the bison from foraging on newly-developed farm lands which have never before been a part of their natural range, has great merit and we support this concept. However, we consider the proposed location for this fence -- primarily along the north side of the Alaska Highway -- a drastic misconception. The "north side" fence has a gap in it through which not only the highway and traffic, but also bison, can flow; there are necessary accessways to the farms on the north side which cannot be rendered bison-proof. The bison are to be contained along the highway right-of-way area, increasing the possibilities for accidents involving highway traffic; the private lands just to the south of the highway will receive greatly increased pressure from the northern containment; the proposed Alaska Railroad extension is planned south of these properties south of the highway -- leaving the bison open to the same "iron horse" depredation currently suffered by the moose between Fairbanks and Anchorage. Gradually, the

"north side" fence will be incorporated by the various farmers there into their own perimeter fence systems. Finally, no "bison fence" will exist. The bison will move through the many gaps, on to the farm-to-market roads, on to the farm lands, on to the highway, the lands south of the highway, the railroad tracks.

And nothing delineates the north boundary of the bison range. Nothing "says"... "this is the bison's area; they feed here; you can see them here; you can hunt them here; and no damage is done to others by them or to them by others".

We feel that without such delineation -- not exclusively, but most logically, by a fence -- the bison range is subject to pre-emption for other uses. A "south side" fence will not only better protect the separate interests of the human residents and the bison, but the very bison management area itself. To all concerned, we urge a "south side" fence as the best next addition to the Bison Management Plan.

# City of Delta Junction

Box 229

Delta Junction, Alaska 99737

907 - 895 - 4656

The North End of the Alaska Highway

## RESOLUTION 84-23

WHEREAS, the Delta Bison herd has always been an important feature in the Delta Junction community, and;

WHEREAS, agriculture is rapidly increasing in importance to the Delta Junction community and the state, and;

WHEREAS, the Delta Bison herd each year without fail causes serious crop depredations and resulting financial losses for farmers, and;

WHEREAS, this continued conflict degrades the long term outlook for both the bison herd and agriculture, and;

WHEREAS, Senate Bills 337 and 338 and House Bills 551 and 552 would solve this problem by developing fall and winter range for bison on the Delta Junction Bison Range, and a drift barrier to keep bison out of the farming area.

NOW, THEREFORE, BE IT RESOLVED that the Council for the City of Delta Junction requests that the Alaska Legislature and the Governor of Alaska pass into state law the provisions of the aforementioned legislation so that this problem may finally be resolved.

THIS RESOLUTION HAS BEEN PROPERLY ADOPTED this 7th day of February, 1984, by the authorized membership of the City Council of Delta Junction, in Delta Junction, Alaska.

FRANK W. GEIGER, MAYOR

LOUIS E. HEINBOCKEL, MAYOR PRO TEM

LEONARD LEMON, COUNCILMEMBER

MARY LEITH DOWLING, COUNCILMEMBER

MARVIN HINSLEY, COUNCILMEMBER

GLEN WRIGHT, COUNCILMEMBER

FREDERIC READY, COUNCILMEMBER

ATTEST:

Laura L. Woolford  
City Clerk/Treasurer

# Bison, farmers share home on the range

## Trial shows conflict between herds, farms

By BRUCE BARTLEY  
The Associated Press

**DELTA JUNCTION** — Bison, tons of trouble for some and brown-bearded remnants of the frontier's wide open spaces for others, have made themselves at home on the doorstep of the Alaska Range. Unfortunately, their dining area also includes the barley fields of the Delta Agricultural Project.

Their presence is a source of constant conflict between game managers trying to preserve one of the last free-roaming buffalo herds and farmers trying to make ends meet.

Attention will be focused on the conflict in the coming week when state prosecutors bring to trial a Delta farmer accused of killing three bison illegally last fall.

The bison have ranged the Delta area since about two dozen were transplanted from Montana more than 50 years ago.

The herd, now 360-400 strong, prospered. In the 1960s, Delta bison were used to start herds near McGrath, and along the Copper and Chitina rivers.

In the 1970s former Gov. Jay Hammond's administration selected Delta as the springboard for an ambitious state-sponsored agricultural development program. And a successful game management story became the source of a bitter local dispute.

Already coping with extreme weather and climate, and operating under intense public scrutiny, farmers didn't need

bison roaming newly cleared fields and eating hard-won crops.

And with grim regularity, the sight of burly buffalo trampling already stunted profits was enough to send a farmer over the edge — and a bison to his final home on the range.

On Sept. 21, Earl Mitchell summoned Alaska State Troopers to his farm on the west bank of the Gerstle River. He told them he'd shot three bison, and invoked a state regulation which permits killing game animals "in defense of life or property."

When investigators arrived, Mitchell was salvaging the animals as required by the "defense" regulation. The meat was donated to churches.

But the regulation lists several criteria to be met before a game animal can be dispatched legally. Investigators cited Mitchell, alleging he had failed to fulfill them all.

It wasn't the first time bison had run amok of Mitchell, or Mitchell had run amok of the law. A year earlier, Mitchell shot a buffalo on his farm. He pleaded guilty to the illegal killing, was fined \$1,000 with \$500 suspended, and given a suspended 10-day jail sentence.

Mitchell worked off his fine on a bulldozer on the state's 70,000-acre bison range across the Alaska Highway, the dividing line between the farms and a look-alike development offering bison an alternative to farmers' fields.

The shooting of bison by farmers didn't sit well in a community originally named Buffalo Center. Also fuming were thousands of hunters who make the state's 75 annual Delta bison permits among Alaska's most coveted.

Farmers argued they couldn't and wouldn't stand by and watch their life's work ground under the bison's massive hooves.



### ALASKA NEWS

But Delta residents are looking hard for a way to have their buffalo and barley too.

Since Mitchell was cited, farmers, businessmen, sportsmen and others have been meeting to devise a solution. And last week state Sen. Pappy Moss asked for \$1.75 million to pay for it.

Dave Johnson, the Alaska Department of Fish and Game biologist most frequently cast as the villain in the controversy, says it's the closest thing to a consensus he's seen since he's been in Delta.

Responsible for protecting both the bison and the farmers' fields, Johnson has been catching it from all sides where he took the job in 1981.

"It's been a really tense situation," he says softly.

But Johnson sees hope.

"If we can just convince the people who make the decisions that there are real, live people out here who are being hurt by

this, we can solve the problem. We can have both free-roaming bison and agricultural development."

Johnson and the others agree the key is further development of the alternative bison range. By clearing more black spruce, planting more barley and grass and fencing the north side of the highway, they think the bison can be pretty well contained.

That was the plan when the barley project first was conceived but Johnson says it "fell through the cracks." There's never been enough money to develop the alternative range effectively, he says. That's what Moss' legislation is designed to do.

From April or May until August, most of the bison hang out west of the Delta River, Johnson says. But forage is limited, and about the time it runs out, the animals' migration instincts push them toward their winter range.

Unfortunately, that coincides with the ripening of the barley and hay crops in the 60,000-acre agricultural project. With a short growing season, everything has to go right for farmers to harvest their crops anyway. The presence of voracious buffalo doesn't help.

By developing the state range, which lies along the migratory route, Johnson and the others hope to keep the bison south of the highway during the critical harvest weeks.

Hamstrung by a lack of money, game managers cleared and planted only 75 acres in 1980. Johnson says the bison ignored the offer. In 1981, the acreage doubled, and a few bison look advantageous of it. In 1982, they spent perhaps a third of the critical period there. By last fall, the range had grown to 600 acres — about half of it cultivated — and most of the herd lingered until forage dwindled in late September.

## Feds can award oil, gas leases in reserve: court

The Associated Press

**ANCHORAGE** — The 9th U.S. Circuit Court of Appeals said Friday the federal government can award oil and gas leases in the National Petroleum Reserve-Alaska, but must make sure no oil company activities disturb subsistence lifestyles until the case can be considered further.

Oil companies paid \$16.7 million last summer for 18 tracts in the 24-million-acre reserve. Two North Slope residents sued, claiming lease stipulations did not protect adequately the caribou calving grounds and waterfowl habitat in the area.

U.S. District Judge James Fitzgerald of Anchorage held up lease awards until Dec. 20 while he studied the case. He finally concluded the lease sale regulations were adequate and said he would lift his injunction. But he gave the villagers sufficient time to appeal.

"There's no doubt that the ruling was a two-edged sword," George Gurr, a spokesman for

the Bureau of Land Management, said Friday. "Until we can see the actual wording of the order we don't know how we feel. But at least we didn't lose."

Jim Bamberger, a staff attorney for Alaska Legal Services who represented Sara Kunaknana of Nulqut and Jean Numnik of Barrow, said they were pleased.

"My feeling is that the court felt that our arguments on subsistence were substantive and that's why they enjoined the oil companies from any activities that might affect subsistence until they could make full ruling," Bamberger said. He said the appellate court probably will hear additional arguments in the case this spring.

Bamberger said the ruling will prevent oil companies from drilling any exploratory wells until a final decision is reached. He said he also would consider seismic testing as a danger to subsistence hunting patterns.

"We will have to meet and see if there is some middle ground," Gurr said.

## Briefly

### Teacher accused of sexual assault

**PALMER** — Matanuska-Susitna school officials have suspended the principal of the Iditarod Elementary School, where a teacher has been accused of sexually assaulting his students.

Ray Carter, principal of the school since 1978, will be suspended with pay beginning Wednesday, school Superintendent Gordon Tope said Saturday. "I have nothing to say on anything to do with that case," Carter said. "I'll see what happens."

Music teacher George Koenig has been indicted by a Palmer grand jury on 13 counts of sexual assault or attempted sexual assault involving seven girls.

Tope said he will ask the school board to fire the 33-year old teacher when the board meets Jan. 23. Koenig has been suspended with pay since Jan. 7.

"Based on our investigation to this point, the administration is recommending the dismissal of George Koenig," Tope said.

The decision to suspend Carter came after consultations with the school district's lawyer, he said. He would not explain why the principal has been suspended.

"I'm really not at liberty to release any further information," Tope said. "We're still investigating."

Alaska State Troopers Sgt. Rolfie Port said investigators have received reports from parents and others that officials may have been slow in responding to complaints concerning Koenig.

### Elementary school roof collapses

**ANCHORAGE** — Structural engineers Saturday were studying the debris in the library of the Airport Heights Elementary School to try to determine why the roof collapsed.

Assistant Superintendent Bill Tanner said no one was injured when the roof gave way about 10:30 Friday night. He said the only people in the building were a few carpenters and custodians.

"It's almost the floor, it's to within a couple of

feet of the floor," Tanner said of the roof. A rubber barrier in the ceiling was the only thing separating shelves of books from the freezing rain and wet snow that have blanketed Anchorage in the past several days.

Surprisingly, Tanner said, none of the books, computer equipment or other equipment and books were damaged. He said one table was bent badly.

Tanner said there was an estimated 15 inches of snow on the slightly sloped roof, an amount he termed "not that unusual." He said the library is part of a wing that was added to the school 14 years ago. The original school was built in 1952, he said.

A demolition crew is expected to have the debris cleared away and the library sealed off from the rest of the building so classes for the 325 students can resume as normal Monday morning, Tanner said.

He said he anticipates it will be several days before the cause of the problem and the cost of damage are determined.

—The Associated Press

## Court approves changes to 1935

## NASA gets 'Golden Fleece' award

The Associated Press  
WASHINGTON

Sen. William Proxmire D-Wis. has bestowed the Golden Fleece award on NASA.

defended the practice on grounds that most of the people transported were U.S. government officials from the executive or legislative branches

astronauts also were transported." It added the flights of the nation's first Black and woman astronauts, Guion Bluford and Sali K. Ride at

individuals, 55 were foreign officials, five were judges and 1 could not be classified. "The problem with the VII trips to the space shuttle

SENATE SPECIAL COMMITTEE ON AGRICULTURE  
Senator H. Pappy Moss, Chairman

HOUSE BILL 552

"An Act making special appropriations for development of the Delta Junction bison range; and providing for an effective date."

House Bill 552 is an appropriation bill and a companion bill to Senate Bill 337 which passed the Senate on May 7th this year. Together these bills provide for the completion of development of the Delta Junction bison range.

In Section 1. of House Bill 552 \$1,544,000 is appropriated for that purpose. This figure reflects a reduction of \$216,000 in the cost that was originally projected. The Department of Fish and Game OK'd this reduction. The \$216,000 had funded some project administration costs and tourist facilities expansion.

House Bill 552 bill drops an additional \$270,000 that had been placed in Senate Bill 338 for the construction of the bison herd drift barrier. (Funding for the barrier has been requested in Senate Bill 94.)

Section 2. of House Bill 552 provides \$60,000 for administration of timber sales on the bison range, and for fire suppression activities.

Through the increase in permit fees provided for in Senate Bill 337, the state should realize a gain in revenue of about \$50,000 per year. That income, plus income from the timber sales on the range, is expected to be more than adequate to cover the maintenance of the range.

House Bill 552, working together with Senate Bill 337 and HCR 51, is expected to resolve the problems between the bison herd and the agricultural projects. The alternate range concept has been proven successful in preventing the bison from trespassing into the farmers fields and causing crop damage.

Development of the range benefits other more than the bison in the area. Moose, caribou, bear, grouse and other wildlife habitats will be improved as the range is developed. The public, which currently uses the range for camping, fishing, hunting, trapping, hiking, and so on, will also benefit.

## ORIGINAL SENATE BILL

## LOCATION IN HOUSE BILL

Senate Bill 338

House Bill 552

Sec.1. \$1,750,000 for completion  
of the development of the  
Bison Range.

Sec.1. \$1,544,000 for same  
purpose. Drops \$206,000 for  
project administration, OK'd  
by F&G.

Sec.2. \$10,000 for tourist facilities

Dropped, F&G states it is  
created in Section 1.

Sec.3. \$270,000 for construction  
of the drift barrier

Dropped, funded in SB 94

Sec.4. \$60,000 for timber sales  
and fire suppression

Sec.2. \$60,000 for timber  
sales and fire suppression

Sec.5. Effective date, July 1, 1984

Sec.3. Effective date, July 1,  
1984

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B

342



# Alaska State Legislature

## House of Representatives

Official Business

Pouch V  
State Capitol  
Juneau, Alaska 99811

### M E M O R A N D U M

TO: House Resources Committee Members

FROM: Committee Staff

DATE: April 18, 1984

RE: Sectional Analysis of CS SB 342(finance), Alaska Agricultural Loan Act

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Section 1. Establishes two new categories which can receive loans under this act; horticultural businesses and fur farming businesses. The bill also reorganizes AS 03.10.010(1).

Section 2. Defines exactly in the definition section of this act "horticultural products". "Horticultural products" means vegetables, fruit plants, grass seed, sod, tree seedlings, ornamental plants, foliage, or flowering plants, grown in a greenhouse or nursery.

Section 3. Allows for an extension to a short term loan made under this act. A loan may be extended for up to three years by the agricultural revolving loan fund board.

Section 4. Redefines the qualifications for a loan for clearing land. Allows loans to be made for all land having agricultural potential for the production of annual crops, hay, or for pasture. Current statutes allow loans for clearing land classified only as class III or better.



# Alaska State Legislature

HOUSE OF REPRESENTATIVES  
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN  
RICHARD SHULTZ, CO-CHAIRMAN  
POUCH V  
JUNEAU, ALASKA 99911  
(907) 465-3715

TO: SENATOR BETTYE FAHRENKAMP, CHAIRMAN/ SENATE RES.  
FROM: REP. JOHN RINGSTAD, CHAIRMAN/ HOUSE RES. *JR*  
DATE: JANUARY 27, 1984  
RE: FUR FARMING

THE SITUATION WITH THE FUR FARMERS IN THE STATE IS AS FOLLOWS:  
1. PRESENTLY DEC AND F&G REGULATE THE INDUSTRY.

- A. DEC HAS AUTHORITY TO PERMIT THE FARMS AND INSPECT FOR HEALTH AND SANITARY STANDARDS.
- B. F&G PERMITS FOR THE CAPTURE OF WILD FUR BEARERS TO MIX WITH THE DOMESTIC ANIMALS TO ENHANCE GENETIC STOCK.
- C. ( U.S. DEPT. OF AGRICULTURE INSPECTS ALL IMPORTED ANIMALS THAT ARE SHIPPED TO ALASKA )

2. I HAVE BEEN WORKING WITH DEC AND DNR TO MOVE FUR FARMING BACK INTO DNR WHERE IT HAD BEEN ORIGINALLY PLACED BEFORE AN EXECUTIVE ORDER BY GOVERNOR HAMMOND DEALING WITH DEC INSPECTION AUTHORITY ARBITRARILY SWEEPED THAT INDUSTRY INTO DEC.
3. I FEEL THAT THE FUR FARMERS, OF WHICH THERE IS A GROWING NUMBER, HAVE BEEN OVERLOOKED AND AS A RESULT LOST IN A MAZE OF MEANINGLESS REGULATIONS AND DEPARTMENTAL SHUFFLING. LAST YEARS HB 187 TOOK CARE OF A LOT OF THE REGULATORY PROBLEMS, BUT THERE REMAINS THE TRANSFER TO DNR IN HELPING TO HAVE FUR FARMING RECOGNIZED AS THE BONAFIDE AGRICULTURAL ACTIVITY THAT IT IS.
4. MANY OF US ARE UNAWARE THAT THIS INDUSTRY, SO WELL SUITED TO THE RURAL AREAS OF OUR STATE WAS ONCE A THRIVING ENTITY HERE IN ALASKA. WITH THE ADVENT OF BARLEY AND LARGE QUANTITIES OF FISH WASTE THE PROSPECTS FOR FUR FARMING AGAIN LOOK PLAUSIBLE FOR MANY ALASKANS. IT TRULY IS A UNIQUE PART OF AGRICULTURE AND MAY BY THAT VERY NATURE PROVIDE OPPORTUNITIES FOR ALASKANS THAT OTHERWISE WOULD NEVER HAVE THE CHANCE TO PARTICIPATE IN OUR GROWING AGRICULTURAL FUTURE.

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

REQUEST

Bill/Resolution No.: SB 342  
 Title: Amending the Ak. Agr.  
 Loan Act  
 Sponsor: Faiks et al  
 Requestor: \_\_\_\_\_  
 Date of Request: 1-10-84

FISCAL DETAIL

Agency Affected: Natural Resources  
 Program Category Affected: \_\_\_\_\_  
Agricultural Revolving Loan Fund  
 BRU, Program or Subprogram(s) Affected: \_\_\_\_\_  
ARLF

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		-0-	-0-	-0-		
CAPITAL		-0-	-0-	-0-		
REVENUE		-0-	-0-	-0-		

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Sharon L. Barton Phone: 465-2400  
 Division: Commissioner's Office Date: 1-24-84

Approved by Commissioner: Wm D. Small, Deputy Date: 1-24-84  
 Agency: Natural Resources

Distribution (by Agency preparing fiscal note):

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

12/1/83

# Alaska State Legislature

BETTYE FAHRENKAMP, Chairman  
ROBERT H. ZIEGLER, SR., Vice Chairman  
DICK ELIASON  
PAUL FISCHER  
VIC FISCHER  
BOB MULCAHY  
ARLISS STURGULEWSKI



POUCH V  
STATE CAPITAL  
JUNEAU, ALASKA 99811  
(907) 465-3834  
(907) 465-3835

## Senate

### Committee on Resources

#### MINUTES

January 25, 1984  
3:03 pm

Beltz Room  
Room 211, Capitol

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#### MEMBERS PRESENT

Senator Fahrenkamp, Chairman  
Senator Ziegler, Vice Chair  
Senator V. Fischer  
Senator Paul Fischer  
Senator Mulcahy  
Senator Sturgulewski

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#### CALENDAR

- SB 322 An Act relating to the Alaska Agricultural Loan Board; and providing for an effective date.
- SB 342 An Act amending the Alaska Agricultural Loan Act.
- SB 339 An Act repealing the expiration date of the Agricultural Action Council; and providing for an effective date.
- SB 358 An Act amending the expiration date of the Alaska Agricultural Action Council.

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#### TELECONFERENCED TO:

Fairbanks  
Delta  
Palmer/Wasilla

Anchorage  
Homer  
Soldotna

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Senator Kerttula testified in support of SB 322. He said the geographic areas where agricultural development exists have expanded and suggested the Governor appoint two more members to represent farmers from those areas.

Senator Faiks testified in favor of SB 342. She answered questions about the bill and also supported the Kerttula amendment regarding soil classification.

Bob Arnold, Deputy Commissioner, Department of Natural Resources, acknowledged that SB 342 would create a greater demand on the Agricultural Revolving Loan Fund and asked for clarification from the Legislature on granting loans for non-food products.

Steve Shroopshire, Alaska Horticulture Association, spoke in support of SB 342. He felt the definition of "agriculture" should include horticulture.

Mavor Bill Allen, Fairbanks North Star Borough, supported all the bills before the Committee. He urged the continuation of the Alaska Agricultural Action Council and the expansion of the agricultural loan program.

Frank Geiger, Mavor, Delta Junction, spoke in support of all four bills. He recommended that two Boards be established, one for the Interior and one for the rest of the state.

Richard Ramsev, Aide to Senator Kerttula, testified in support of Kerttula's proposed amendment to SB 342. This amendment would allow more lands to be eligible for clearing loans.

Edna Anderson, Homer, recommended passage of SB 339 and SB 358 and said she agreed with Mavor Allen's comments.

Pete Roberts, Homer, supported Kerttula's proposed amendment to SB 342.

Ed Merdes, Fairbanks, supported all the bills being heard. He introduced the idea of "production incentives" to lower costs of production and make our crops more competitively priced.

Pat Mulligan, President, Alaska Farmers and Stock Growers, spoke in support of SB 342 and horticulture.

Bill Heim, Director, Division of Agriculture, DNR, wanted legislative guidance, through SB 342, on the expansion of the loan program. He supported Kerttula's proposed amendment to SB 342. Regarding SB 322, he recommended that the two new members be from Delta and Fairbanks.

Ken Ulz, Kobuk Fuel and Feed, spoke in support of all the bills being heard. He felt fur ranching was just as valid as any other ranching enterprise.

Bruce Willard, Homer, supported the continuation of the Alaska Agricultural Action Council.

Harry Wassink, Anchorage, proposed raising the cap on ARLF loans, particularly for dairy farmers.

Sig Restad, Agricultural Experimental Station, Palmer, testified in support of the four bills before the Committee.

Burton L. Clifford, U.S Department of Agriculture (USDA),  
spoke in support of all of the bills.

Carrol Martin, Soldotna, testified in support of all the bills  
heard today.

Jerry Giaucue, Palmer, spoke in support of all the bills.

Terry Weiland, Palmer, supported SB 339 and SB 358 and also  
wanted the cap raised on ARLF loans.

Jerry Brehmer, Delta, was in favor of all of the bills.

Vincent O'Reilly, Deputy Commissioner, Department of Commerce  
and Economic Development, testified that the Administration  
supports agricultural development. They are currently  
reexamining the program, trying to focus on in-state market  
needs. He felt that coordinating that effort should be done by  
the line agencies, specifically the Department of Natural  
Resources and the Department of Commerce and Economic  
Development, rather than the Alaska Agricultural Action  
Council.

Annelv Girard, Palmer, testified that farmers need to  
diversify. She felt the passage of SB 342 would allow them to  
do that. She spoke of growing shrubs and fast growing trees  
such as poplars in greenhouses for use as windbreaks.

Bob Arnold, Deputy Commissioner, Department of Natural  
Resources, spoke again to concur with Vincent O'Reilly, Deputy  
Commissioner, Department of Commerce and Economic Development,  
that the functions of the Alaska Agricultural Action Council  
can be better carried out by the line agencies, particularly  
the Department of Natural Resources.

The meeting adjourned at 4:42 pm.

SB 312

Chapter 10. Alaska Agricultural Loan Act.

<b>Section</b>	<b>Section</b>
10. Declaration of policy	40. Creation of fund
20. Powers of the department	50. Administration of fund
30. Limitations on loans	52. Limitation on board members
35. Use or disposal of mortgaged farm land	58. Farm disaster area
	60. Short title

Collateral references. — 3 Am. Jur. 2d, Agriculture, § 19 et seq.; 55 Am. Jur. 2d, Mortgages, § 1 et seq.; 63 Am. Jur. 2d, Public Funds, § 1 et seq.  
 3 C.J.S., Agriculture, § 57 et seq.; 81A C.J.S., States, § 208.

Power, under statute for stabilization of market for agricultural crops, in respect of crop loans by public agency and the security therefor, 157 ALR 338.

**Sec. 03.10.010. Declaration of policy.** It is the policy of this chapter to promote the more rapid development of agriculture as an industry throughout the state by means of long-term low-interest loans. (§ 2 ch 122 SLA 1953)

*Amendments*  
**Sec. 03.10.020. Powers of the department.** The department may  
 (1) make loans to individual resident farmers, homesteaders, and partnerships or corporations composed of farmers and homesteaders, for clearing land for agricultural purposes, development of farms, storage and processing of farm produce, livestock and machinery and to individuals, partnerships or corporations, for storage and processing plants for agricultural products;  
 (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. (§ 4 ch 122 SLA 1953; am § 1 ch 156 SLA 1955; am § 1 ch 41 SLA 1961; am § 1 ch 113 SLA 1982)

**Effect of amendments.** — The 1982 amendment inserted "clearing land for agricultural purposes" in paragraph (1).

**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;

(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;

(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;

(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.

(b) *[Repealed, § 72 ch 113 SLA 1982.]*

(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.

(d) *[Repealed, § 72 ch 113 SLA 1982.]*

(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 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.

(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.

(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 that is not classified as class III or better by the United States Soil Conservation Service under the land classification system used by the United States Soil Conservation Service.

(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. (§ 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; §§ 2-5, 72 ch 113 SLA 1982; am §§ 1, 2 ch 38 SLA 1982)

**Revisor's notes.** — The director referred to in the second sentence of (e) of this section is the director of the division of agriculture, Department of Natural Resources.

**Effect of amendments.** — The 1979 amendment increased the farm development loan and indebtedness limit in subsection (a) from \$200,000 to \$500,000, increased the loan limit for chattel loans from \$100,000 to \$300,000 in former subsection (b), substituted "\$200,000" for "\$25,000" in subsection (c), and added subsection (e).

The 1980 amendment added subsection (f).

The first 1982 amendment raised the interest rate limit from six to eight percent in subsections (a) and (f) and in former subsection (b).

The second 1982 amendment rewrote subsection (a); repealed subsections (b) and (d), which read, respectively, "Except for loans for irrigation systems as provided in this subsection, a chattel loan may not exceed \$300,000 for each farm unit and may not run longer than seven years or the useful life of the chattel if more than seven years. It may not bear interest exceeding six per cent. It shall be secured by real

estate or chattel mortgage, or both. Loans and the real estate and chattel mortgage security on them for irrigation systems may be in amounts and for terms as determined by the commissioner" and "Farm development and chattel loans for irrigation systems may be for terms as determined by the commissioner"; substituted "30th day" for "15th day" in two places in the first sentence and "may assess" for "shall assess" in the second sentence, both in subsection (e); added the language beginning "but the combined delinquency penalty" to the end of the third sentence of subsection (e); substituted "\$250,000" for "\$2,500,000" throughout subsection (f); substituted "that is less than eight percent" for "exceeding eight percent" in the last sentence of subsection (f); and added subsections (g) and (h).

The 1983 amendment in paragraph (a)(1) added the language beginning with "except that" and in subsection (c) substituted "\$350,000" for "\$200,000" and added the language beginning with "except that."

**Legislative history reports.** — For report on ch. 78, SLA 1967 (HB 274), see 1967 Senate Journal, pp. 513-514.

**Sec. 03.10.035. Use or disposal of mortgaged farm land.** (a) A borrower may not use farm land for a non-farm use or sell, lease or otherwise dispose of farm land if that land is encumbered by a mortgage given to secure the payment of a farm development, chattel, or irrigation system loan under this chapter unless the borrower either

(1) pays the outstanding balance of the loan in a lump sum or under other terms agreed to by the commissioner which accelerate payment of the loan; or

(2) pays the outstanding principal balance for the remaining term of the loan at the prevailing rate of interest which is charged by commercial banks in the state during the calendar quarter in which the department receives notice of the change of use, sale, lease or other disposal of the farm land.

(b) In this section, "non-farm use" means a use of land other than for the production of domesticated plants and animals useful to humans, including forage and sod crops, grain and feed crops, fruits, vegetables and livestock. (§ 5 ch 50 SLA 1979)

**Sec. 03.10.040. Creation of fund.** ~~There is an~~ agricultural revolving loan fund which shall not exceed ~~\$75,000,000~~ to carry out the purpose of this chapter. (§ 5 ch 122 SLA 1953; am § 2 ch 41 SLA 1961; am § 1 ch 81 SLA 1970; am § 6 ch 50 SLA 1979; am § 4 ch 7 SLA 1982)

**Effect of amendments.** — The 1979 amendment substituted "\$20,000,000" for "\$5,000,000." The 1982 amendment substituted "\$75,000,000" for "\$20,000,000."

**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. (§ 6 ch 122 SLA 1953; am § 1 ch 119 SLA 1976; am § 6 ch 113 SLA 1982)

**Revisor's notes.** — Section 5, ch. 7, SLA 1982 added a subsection (c) to this section but the provisions of that subsection have been transferred to AS 03.10.052. Consequently, the subsection added by § 6, ch. 113, SLA 1982, has been redesignated "(c)."

**Effect of amendments.** — The 1982 amendment added subsection (c).

**Sec. 03.10.052. Limitation on board members.** A member of the agricultural revolving loan fund board may not, during the member's term of office or within one year after ceasing to be a member of the board, obtain a loan under this chapter other than a short-term loan under AS 03.10.030(c). (§ 5 ch 7 SLA 1982)

Revisor's notes. — Enacted as AS 03.10.050(c). Renumbered in 1982.

*Sec. 03.10.054. Sale or transfer of mortgages and notes. [Repealed, § 14 ch 122 SLA 1980.]*

**Sec. 03.10.058. Farm disaster area.** The governor may declare a farm disaster in an area of the state if a natural disaster causes a crop failure. (§ 3 ch 38 SLA 1983)

**Sec. 03.10.060. Short title.** This chapter may be cited as the Alaska Agricultural Loan Act. (§ 1 ch 122 SLA 1953)

### Chapter 12. Alaska Grain Reserve Program.

Section	Section
10. Alaska grain reserve program established	50. Administration of fund
20. Duties of the department	60. Regulations
30. Conditions on loans	70. Administrative Procedure Act
40. Alaska grain reserve loan fund	200. Definitions

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**Repeal of chapter.** — Sections 4 and 5, ch. 100, SLA 1983 provide that this chapter is repealed effective January 1, 1988. For termination and transition provisions, see § 3, ch. 100, SLA 1983, in the Temporary and Special Acts.

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**Sec. 03.12.010. Alaska grain reserve program established [Repealed effective January 1, 1988].** The Alaska grain reserve program is established in the Department of Natural Resources for the purpose of assisting state grain producers to develop markets for their products by making loans secured by grain reserves. (§ 1 ch 100 SLA 1983)

**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 loan fund (AS 03.12.040). (§ 1 ch 100 SLA 1983)

**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 or 1984. Grain that is used as collateral for a loan made under this chapter must be graded number four or better.

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349



# Alaska State Legislature

OFFICIAL BUSINESS

CHAIRMAN  
RULES COMMITTEE

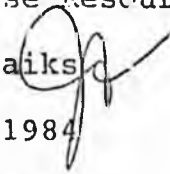


JAN FAIKS  
POUCH V  
CAPITOL BUILDING  
JUNEAU, ALASKA 99811

Senate

## MEMORANDUM

TO: Representative John Ringstad  
Chairman, House Resources Committee

FROM: Senator Jan Faiks 

DATE: February 15, 1984

RE: Senate Bill 349—An Act Relating to the Use of  
Animals for Pecreational Activities in State  
Parks

Senate Bill 349 has been referred to the House Resources Committee. I would very much appreciate a hearing for the bill as soon as your schedule permits.

SB 349 came about as a result of concern by horse owners in my district about being allowed access to state parks with their animals. The Department of Natural Resources is in the process of amending regulations relating to the use of state parks. Equestrians have been riding in Chugach State Park for sometime. The horse owners recognize that some areas of the park are very sensitive, such as the tundra area. They are only concerned that they retain the right to ride their horses in some area of the park.

11 AAC 12.010 (Limitation on use of park land and water) as proposed establishes a procedure for special use areas within a state park. Application can be made to the director for the designation of a particular area within a park as a special use area. Emergency designations can be made for a 90 day period. Those seeking access in a state park could petition the director for such once these regulations are adopted.

This revision provides a simple mechanism that will accommodate multiple use of the state park system. While the management, regulation, and designation of the park system remains under the division's authority, a structured procedure is created for the application of special use areas.

This bill does not require the Department to permit horses and other pack animals in state parks. It only requires that in establishing the criteria for the opening and closing of areas, the Department will have to consider whether these animals are compatible for use within a state park. By establishing the horse owners as a users group in statute, they will have more

leverage when making their case with the Department. One of the biggest problems has been the indecision that occurs every time the Division of Parks gets a new director. Because there is no statutory direction given, the horse owners are required to make their case anew every time there is a personnel change at DNR.

This bill does not give animal owners the absolute privilege of using any state park. It only makes them a users group to be given some consideration when the Department establishes criteria for designating special use areas in state parks. The Department has assured me that they have no problem with this change, and in fact testified in favor of the bill in the Senate Resources Committee.

Should you or your staff have any questions, please let me know.

Thank you. I look forward to working on this legislation with your committee.

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: 2/27/84

REQUEST

Bill/Resolution No.: CS SB 349  
Title: Activities in State  
parks

Sponsor: Faiks  
Requestor: Resources  
Date of Request: \_\_\_\_\_

FISCAL DETAIL

Agency Affected: Natural Resources  
Program Category Affected: \_\_\_\_\_  
Div. of Parks

BRU, Program or Subprogram(s) Affected: \_\_\_\_\_  
Park Management/Operations

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Jim Price Phone: 265-4526  
Division: Parks Date: 1/26/84

Approved by Commissioner: *William D. Arnold, Deputy* Date: 2/27/84  
Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):

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

12/1/83

11 AAC 12.120. HORSES. Horses and pack stock shall not be ridden, driven, led, or otherwise used in a state park except in an area or on a roadway or trail of the state park designated by the director for the use of horses. (Eff. 1/12/73, Reg. 44)

Authority: AS 41.20.020  
AS 41.20.040

(2) the maximum number of people to occupy a facility or area; and

(3) any other provision the director deems necessary to protect the health and welfare of

11 AAC 12.130. PETS. Dogs and other pets, while in a building, campground or other developed area of a state park, shall be on a leash not exceeding nine feet in length at all times. The director may prohibit dogs and other pets from areas or buildings in a state park. Seeing-eye dogs are exempt from prohibitions against pets in a building, campground, or other area of a state park. A dog or other pet running at large in a state park may be destroyed by a state park official. (Eff. 8/1/68, Reg. 27; am 1/13/73, Reg. 44)

Authority: AS 03.55.010           AS 41.20.020  
AS 03.55.020           AS 41.20.040  
AS 18.75.020

11 AAC 12.140. CONSTRUCTION OF STRUCTURES. No dock, cabin, home, building, or other structure may be constructed or maintained on state park lands or waters unless authorized by the director. (Eff. 8/1/68, Reg. 27; am 1/13/73, Reg. 44)

Authority: AS 41.20.020  
AS 41.20.040

11 AAC 12.150. CONSTRUCTION OF SIGNS. Construction or display of signs in a state park is prohibited unless authorized by the director. (Eff. 8/1/68, Reg. 27; am 1/13/73, Reg. 44)

Authority: AS 41.20.020  
AS 41.20.040

11 AAC 12.160. ASSEMBLY. (a) An assembly of more than 20 people in a state park is prohibited without a permit. A permit may be obtained by applying to the director. Where more than one application for the same period of time is received by the director, a permit shall be issued to the applicant filing the first application.

(b) The permit may provide

(1) restrictions as to facilities or area;

**MEMORANDUM**  
DEPARTMENT OF NATURAL RESOURCES

**State of Alaska**  
DIVISION OF PARKS

TO: Neil C. Johannsen  
Director

DATE: January 12, 1984

THRU: Skip Harding  
Deputy Director

FILE NO: 6210-12-9

TELEPHONE NO: 279-3413

FROM: *P. J. Johnson*  
Pete Johnson, Superintendent  
Chugach/Southwest District

SUBJECT: Horses in Chugach

On January 11, 1984, I met with the Anchorage Horse Trails and Facilities Committee, which is the primary organization representing the interests of the equestrian community in the Anchorage area. The goal of the meeting was to identify how the use of horses in State Parks could be recognized as a legal recreational pursuit and to come to agreement on which trails in Chugach State Park would be open to horses.

After a lengthy and often heated discussion on why the Division could not simply do away with the current regulation, 11AAC 12.120 HORSES, and open all parks to horses, we knuckled down and proceeded to explore the various options available to open trails in Chugach State Park. Those methods being the formulation of a Division Order under the existing 11AAC 12.120, the application of the revised 11AAC 12.010 LIMITATION ON USE OF PARK LAND AND WATER, when adopted, or the inclusion of Horses in 11AAC 20 when those regulations are promulgated.

Prior to attending the meeting, I consulted the Deputy Director to ascertain which method would best apply to this particular situation. We agreed that due to the length of time required to promulgate Chapter 20 and the uncertainty as to when the proposed 11AAC 12.010 would be in effect, the best direction at this time would be to issue a Division Order opening trails to horses.

I integrated this rationale into the meeting and those in attendance were concerned about the possibility of this Division Order being repealed at a later date. I explained that the likelihood of that occurring was remote, without a similar order or regulation being in place or in the process of being promulgated.

To summarize, the issuance of a Division Order opening trails in Chugach State Park will serve to depolitize the issue and recognize the use of horses as a legal activity on designated trails. The wording of the Division Order (draft attached) will be such that it can be used under the procedure outlined in the proposed 11AAC 12.010 or to be promulgated at a later date in Chapter 20.

PJP/lk

DELIVER TO: <i>Carol Wilcox</i>	LOCATION: <i>SWR - JWC</i>
FROM: <i>Parks</i>	LOCATION: <i>Boak</i>
TELEPHONE/TELECOPIER #	TOTAL NUMBER OF PAGES <i>3</i>

# STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF PARKS

BILL SHEFFIELD, GOVERNOR

819 WAREHOUSE AVE., SUITE 210  
ANCHORAGE, ALASKA 99501  
PHONE: (907) 273-2553

January 12, 1984

Division Order No. 55

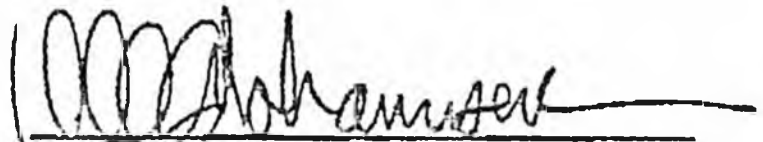
SUBJECT: Use of Horses in Chugach State Park

AUTHORITY: AS 41.21.020  
AS 41.21.040  
11AAC 12.120

1. All areas of Chugach State Park are open to the use of horses and pack stock with the exception of the following areas:
  - A. Campgrounds, swim beaches and picnic areas;
  - B. The Eagle River Valley from Crow Pass to the Eagle River Visitor Center;
  - C. The Old Johnson Trail from Potter to Indian;
  - D. All trails in the Hillside Trail System (North Fork of Campbell Creek to Rabbit Creek) from April 1 to June 1 annually;
  - E. Designated trails in the Hillside Trail System;
    - 1) Glen Alps access trails to the Powerline;
    - 2) Trails and roads above (southeast of) the gas-line and powerline junction from Nov. 1 to June 1 annually;
    - 3) All trails east of the powerline from Nov. 1 to June 1 annually;
    - 4) The Wolverine Peak Trail from Nov. 1 to June 1 annually;
    - 5) Middle Fork Loop Trail;
    - 6) Flattop Mountain Trail;

Division Order No. 55 (con't)  
January 12, 1984  
Page 2 of 2

2. Groups consisting of ten or more animals must obtain a Park Use Permit prior to entering the park;
3. Quartering of horses and packstock within 100' of fresh water is prohibited.

  
\_\_\_\_\_  
Neil C. Schanzen, Director  
Division of Parks and Outdoor Recreation

CHAPTER 12. PUBLIC USE.

Article

1. State Park Land and Water Restrictions (11 AAC 12.010 -- 11 AAC 12.050)
2. Trails, Roads and Campsites (11 AAC 12.100 -- 11 AAC 12.230)
3. General Provisions (11 AAC 12.300 -- 11 AAC 12.340)

ARTICLE 1. STATE PARK LAND AND WATER RESTRICTIONS.

Section

10. Limitation on use of park land[S] and water[S]
20. Speed limits in parks
30. Park land or water[S CLOSED] open to aircraft [OR BOATS]
35. Park water open to boats
40. (Repealed)
50. Refuse and waste

11 AAC 12.010 is repealed and readopted to read:

11 AAC 12.010. LIMITATION ON USE OF PARK LAND AND WATER. (a) Subject to those use designations, if any, established by statute or 11 AAC 20 for an individual park, the director may designate special use areas within a park as:

(1) open to a particular activity but subject to specific conditions of use not required of other activities in the area;

(2) open to a particular activity only if authorized by a park land use permit obtained under 11 AAC 18.010; or

(3) closed to a particular activity which would otherwise be allowed either with or without a park land use permit obtained under 11 AAC 18.010.

(b) Subject to those use designations established by statute or 11 AAC 20, the director may designate an area within a park as a special use area. Any person may petition the director in writing to designate a specific area as a special use area. Except as otherwise provided in this section, designation of a special use area may not be made unless the department publishes notice of the designation once each week for four consecutive weeks in a newspaper of general circulation in the vicinity of the park and provides opportunity for hearing. When the director declares an emergency situation, a special use designation is effective immediately, and the department will publish notice of the designation within ten days of the declaration. An emergency designation is effective for not longer than 90 days, and terminates unless a notice of intent to designate the area permanently for a special use is made by the department by publishing notice in the manner prescribed for other special use designations, including an opportunity for a hearing. An emergency special use designation may not be renewed for the same emergency

REGULATIONS DRAFT # HEARING

- 7. Trails, Footpaths and Campsites (§§ 41.21.850 — 41.21.872)
- 8. Miscellaneous Provisions (§§ 41.21.900 — 41.21.918)
- 9. General Provisions (§§ 41.21.950 — 41.21.990)

**Article 1. Administration.**

<p><b>Section</b></p> <p>10. Purpose</p> <p>20. Duties of Department of Natural Resources</p> <p>25. Zoning of private land within state parks</p>	<p><b>Section</b></p> <p>30. Disposition of funds</p> <p>40. Division within department</p>
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**Collateral references.** — 59 Am. Jur. 2d, Parks, Squares and Playgrounds, §§ 1 — 15; 63 Am. Jur. 2d, Public Lands, § 17. 81A C.J.S., States, §§ 138, 145 — 150.

Statutes relating to establishment or administration of parks as encroachment on right of local self-government, 88 ALR 228.

**Sec. 41.21.010. Purpose.** It is the purpose of AS 41.21.010 — 41.21.040 to foster the growth and development of a system of parks and recreational facilities and opportunities in the state, for the general health, welfare, education, and enjoyment of its citizens and for the attraction of visitors to the state. (§ 1 ch 158 SLA 1959)

**Revisor's notes.** — Formerly AS 41.20.010. Renumbered in 1983.

**Sec. 41.21.020. Duties of Department of Natural Resources.** The Department of Natural Resources shall

- (1) develop a continuing plan for the conservation and maximum use in the public interest of the scenic, historic, archaeological, scientific, biological, and recreational resources of the state;
- (2) plan for and develop a system of state parks and recreational facilities, to be established as the legislature authorizes and directs;
- (3) acquire by gift, purchase, or transfer from state or federal agencies, or from individuals, corporations, partnerships or associations, land necessary, suitable and proper for roadside, picnic, recreational or park purposes;
- (4) control, develop and maintain state parks and recreational areas;
- (5) provide for the acquisition, care, control, supervision, improvement, development, extension and maintenance of public recreational land, and make necessary arrangements, contracts or commitments for the improvement and development of land acquired under AS 41.21.010 — 41.21.040;
- (6) adopt, in accordance with this section and the Administrative Procedure Act (AS 44.62), regulations governing the use and

designating incompatible uses within the boundaries of state park and recreational areas to protect the property and to preserve the peace;

(7) cooperate with the United States and its agencies and local subdivisions of the state to secure the effective supervision, improvement, development, extension, and maintenance of state parks, state monuments, state historical areas, and state recreational areas, and secure agreements or contracts for the purpose of AS 41.21.010 — 41.21.040;

(8) encourage the organization of state public park and recreational activities in the local political subdivisions of the state;

(9) provide for consulting service designed to develop local park and recreation facilities and programs;

(10) provide clearing-house services for other state agencies concerned with park and recreation matters; and

(11) perform other duties as are prescribed by executive order or by law;

(12) maintain memorials to Alaska veterans located in state parks;

(13) adopt, in accordance with the Administrative Procedure Act (AS 44.62), regulations governing the use of the Chena River State Recreation Area and designating incompatible uses within the boundaries of the Chena River State Recreation Area in accordance with AS 41.21.490. (§ 2 ch 158 SLA 1959; am § 1 ch 223 SLA 1970; am § 3 ch 30 SLA 1981; am §§ 1, 2 ch 78 SLA 1981)

**Revisor's notes.** — Formerly AS 41.20.020. Renumbered in 1983.

The present second sentence of AS 41.21.490 was originally enacted as part of (13) of this section and was transferred, with appropriate minor word changes in (13) of this section in 1981. Two paragraphs (12) were added by the 1981 amendments. The paragraph added by the second amendment was renumbered as (13).

**Cross references.** — For power of the department of military affairs to construct

memorials to veterans, see AS 41.35.030.

**Effect of amendments.** — The first 1981 amendment added paragraph (12).

The second 1981 amendment made minor word changes in paragraph (6) and added paragraph (13).

**Collateral references.** — Grant of licenses or special privileges in parks, 18 ALR 1263; 63 ALR 484; 144 ALR 486.

Use to which park property may be devoted; power of legislature or state officers, 18 ALR 1266; 63 ALR 484; 144 ALR 486.

**Sec. 41.21.025. Zoning of private land within state parks.** (a) The department may adopt, under the Administrative Procedure Act (AS 44.62), zoning regulations governing private property within the boundaries of state parks established under this chapter.

(b) Land patented to or under interim conveyance to a regional or village native corporation under 43 U.S.C. 1601-1628 (P.L. 92-203, Alaska Native Claims Settlement Act) which falls within a state park boundary is subject to the zoning regulations provided for under (a) of this section only if the affected regional or village native corporation consents to or fails to reject the zoning regulations within 60 days from the date they are submitted to the effected corporation.

S

B

366

Offered: 3.28/84  
Referred: Community and Regional  
Affairs

Original sponsor: Rules/Governor

1 IN THE SENATE BY THE RESOURCES COMMITTEE  
2 CS FOR SENATE BILL NO. 366 (Resources)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL  
6 For an Act entitled: "An Act relating to protection of forested land."  
7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 \* Section 1. AS 41.15.010 is amended to read:

9 Sec. 41.15.010. INTENT. It is the intent of AS 41.15.010 -  
10 41.15.170 to provide protection, commensurate with the value of the  
11 resources at risk, for the natural [TIMBER] resources and watersheds  
12 on land that is owned privately, by the state, or by a municipality  
13 [ALL LAND IN THE STATE].

14 \* Sec. 2. AS 41.15.030(b) is amended to read:

15 (b) The commissioner may hire emergency fire-fighting personnel  
16 [UP TO A TOTAL OF 30,000 MAN-HOURS EACH YEAR], and shall establish  
17 classifications and rates of pay for the emergency fire-fighting  
18 personnel consistent with the compensation paid by other fire-fighting  
19 agencies. The commissioner may adjust the classifications and rates  
20 based on findings of the federal Bureau of Land Management for Alaska.

NEGOTIATIONS WITH

D.N.R. (BILL SPONSORED BY GOVERNOR)

ALASKA MUNICIPAL LEAGUE

FIRE CHIEFS ASSOCIATION

FEATURES:

1. CLARIFIES THAT STATE NEED NOT PROTECT ALL LAND IN STATE BUT ONLY LAND THAT IS OWNED PRIVATELY, BY THE STATE, OR BY A MUNICIPALITY.
2. PROTECTION PROVIDED BY STATE IS TO BE COMMENSURATE WITH THE VALUE OF THE RESOURCES AT RISK.
3. REMOVES THE LIMITATION ON THE NUMBER OF MANHOURS OF EMERGENCY FIREFIGHTING SERVICE THAT DNR MAY USE YEARLY.

CHANGE FROM ORIGINAL:

ORIGINAL BILL WOULD HAVE TRANSFERRED FIRE SUPPRESSION RESPONSIBILITY FROM STATE TO MUNICIPALITY. OPPOSED BY MUNICIPAL LEAGUE ( CONCERNED ABOUT MUNICIPALITIES' CAPABILITIES AND THE COSTS AND LIABILITY THEY WOULD INCUR).

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NOTES:

CURRENT LIMITATION IS 30,000 MAN-HOURS PER YEAR, THIS IS EQUIVALENT TO 8 DAYS OF A FULL FIRE FORCE. THE ROSIE CREEK FIRE IN FAIRBANKS (SPRING 1983) TOTALED OVER 30,000 MAN-HOURS.

PROTECTION CATEGORIES WHICH HAVE BEEN CATEGORIZED BY LAND USE COUNCIL:

1. CRITICAL (INVOLVING LIFE AND PROPERTY)
2. HIGH VALUE (VALUABLE NATURAL RESOURCES - TIMBER, WILDLIFE)
3. MODIFIED SUPPRESSION (RESOURCE VALUE DOESN'T MERIT CONSIDERABLE COMMITMENT)
4. LIMITED SUPPRESSION ("LET BURN", MONITORED)

CS SENATE BILL NO. 366 (Res)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to protection of forested land."

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

\* Section 1. AS 41.15.010 is amended to read:

Sec. 41.15.010. INTENT. It is the intent of AS 41.15.010 -- 41.15.170 to provide protection, commensurate with the value of the resources at risk, for the natural [TIMBER] resources and watersheds on land that is owned privately, by the state, or by a municipality. [ALL LAND IN THE STATE].

\* Sec. 2. AS 41.15.030(b) is amended to read:

(b) The commissioner may hire emergency fire-fighting personnel [UP TO A TOTAL OF 30,000 MAN-HOURS EACH YEAR], and shall establish classifications and rates of pay for the emergency fire-fighting personnel consistent with the compensation paid by other fire-fighting agencies. The commissioner may adjust the classifications and rates based on findings of the federal Bureau of Land Management for Alaska.

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: 3/20/84

**REQUEST**  
Bill/Resolution No.: CS for SB 366  
Title: Protection of Forested Land

**FISCAL DETAIL**  
Agency Affected: Dent. Natural Resources  
Program Category Affected: Forestry

Sponsor: Rules Committee  
Requestor: Governor  
Date of Request: 1/20/84

BRU, Program or Subprogram(s) Affected:  
Fire Suppression

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-			
<b>CAPITAL</b>	-0-	-0-	-0-			
<b>REVENUE</b>	-0-	-0-	-0-			

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	-0-	-0-	-0-			

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Sharon Barton Phone: 465-2400  
Division: Commissioners' Office Date: 3/20/84

Approved by Commissioner: William D. Arnold, Deputy Date: 1/30/84  
Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):

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

12/1/83

Analysis: Although this legislation neither requires an appropriation nor generates revenue, it is expected to reduce future fire fighting costs to the State by defining the lands for which the State is responsible.