MEMORANDUM
Department of Natural Resources

STATE OF ALASKA
Division of Agriculture

TO: Board of Agriculture & Conservation

DATE: January 30, 2012

TELEPHONE:

FROM: Franci Havemeister
Director

SUBJECT: ARLF History
ARLF Overview

The attachment is the fiscal summary of the Agricultural Revolving Loan Fund (ARLF) since its inception in 1953. In 1980 1.2 million was taken from the fund for fire fighting and the first Division of Ag GF expenditures were pulled from the fund in 1989 and continued through 2007. Staff reports that funding was drawn from the ARLF to replace Agriculture GF. Agriculture GF was shifted to the Department without showing an overall Department GF increase. Mt. McKinley Meat & Sausage (MMM&S) continues to be funded through the ARLF since it is an asset of ARLF with the average loss of approximately $131,000 annually for the last 7 years. The annual loss includes the cost of three production managers and inmate labor. The Board of Agriculture continues to support the continued operation of MMM&S as it is the only USDA approved slaughter facility in the south central region.

AGRICULTURAL REVOLVING LOAN FUND
Comparative Data
June 30, 2010, 2009, 2008, 2007

Fiscal Year	Cash Balance	Fund Equity Balance	Loans Approved	Loans Defaulted / Amount	Loans Delinquent (late) / Percentage
FY11	$4.6 mil	$22.7 mil	19	none	5.7%
FY10	$4.6 mil	$22.6 mil	33	none	2%
FY09	$5.9 mil	$20.1 mil	28	none	2%
FY08	$5.0 mil	$21.6 mil	11	none	3%
FY07	$4.3 mil	$23.01 mil	11	1/$321,513	2%

General Overview of the Agricultural Revolving Loan Fund (ARLF)

Purpose is to promote the more rapid development of agriculture as an industry throughout the State by means of long-term low interest loans.

- The Governor appoints a 7 member Board of Agriculture and Conservation (BAC) with varying agriculture experience and background
    - The BAC shall administer the ARLF
        - Approves and administers agricultural loans
            - Loans available through the ARLF –
                - Short Term
                - Chattel – to purchase equipment or livestock
                - Farm Development – to purchase real property for agricultural development
                - Irrigate – to purchase and install systems
                - Product Processing – to build and equip facilities for processing Alaska Ag products
                - Clearing – for land clearing for Ag Purposes
                - Raising/Care of animals – purpose of marketing fur
        - Authorizes the disposal of agricultural property acquired by ARLF
        - Has oversight of ARLF asset Mt. McKinley Meat & Sausage (MMM&S)
            - Only USDA certified slaughter facility in South Central
            - Operates in cooperation with DOC, utilizing inmate labor through an RSA
            - Operation is subsidized through the ARLF
                - FY 2011 losses for MMM&S were approximately $122,000 and were covered by the ARLF.
        - May recommend to the commissioner that land in the land disposal bank established in AS 38.04.020 be classified as suitable for agriculture the board may indentify state land for agricultural disposal and request the commissioner to provide for the survey and disposal of the land.

AGRICULTURAL REVOLVING LOAN FUND
Fiscal Summary

FISCAL YEAR	APPROPRIATION ADDITION	APPROPRIATION WITHDRAWAL	INCEPTION TO DATE TOTAL	STATUTORY AUTHORIZATION AND CHANGES
1953	$200,000		$200,000	Fund created; authorized up to $1,000,000 short-term loans not to exceed $2,000 for 1-year terms at 6%; chattel loans not to exceed $10,000 for 5-year terms at 5%; farm development loans not to exceed $15,000 for up to 20-year terms at 4.5%
1955	150,000		350,000	Farm development limit raised to $20,000 maximum
1957	125,000		475,000	
1959	100,000		575,000	
1960	75,000		650,000	
1961	200,000		850,000	Authorized fund increased to $2,000,000; short-term limit raised to $5,000; chattel limit raised to $25,000; farm development limit raised to $40,000
1962	200,000		1,050,000	
1964				Authorized to utilize TR and PER Funds
1966	45,000		1,095,000	Short-term limit raised to $10,000; chattel limit raised to $40,000 for 7 years at 6%; farm development limit raised to $50,000 for 30 years at 5%
1967	45,000		1,140,000	Short-term limit raised to $15,000; farm development limit raised to $75,000 at 6%
1968	300,000		1,440,000	
1969	100,000		1,540,000	
1970	500,000			Special irrigation fund established with up to 20 years at 4%; chattel limits raised to $100,000; farm development limit raised to $150,000; authority to sell loans to Dept of Revenue
	800,000		2,840,000	Authorized fund increased to $5,000,000
1971	200,000		3,040,000	Agreement with Commissioner for sale/purchase of loans @ 0.5% service fee
1975	200,000		3,240,000	Short-term limit raised to $25,000; farm development loans @ 6%
1976	200,000		3,440,000	Farm development limit raised to $200,000
1977	200,000		3,640,000	Loan Board re-established

Prepared by DNR Financial Section

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FISCAL YEAR	APPROPRIATION ADDITION	APPROPRIATION WITHDRAWAL	INCEPTION TO DATE TOTAL	STATUTORY AUTHORIZATION AND CHANGES
1978	400,000		4,040,000	Irrigation loans @ 6%
1979	200,000		4,240,000	Farm development limit raised to $500,000; chattel limit raised to $300,000; short-term limit raised to $100,000 AS 03-10-030(e) 15-day delinquency; 7% penalty; AS 03.10.035 Use or Dispposal of Mortgaged Farm Land
1980	4,000,000 6,800,000	(1,200,000)	13,840,000	$1.2 million taken for fire fighting AS 03.10.030(f) Product processing loans with $2,500,000 limit; repeal authority to sell loans
1981	6,160,000 8,500,000		28,500,000	
1982	14,000,000		42,500,000	
1983	10,000,000		52,500,000	
1984	10,000,000		62,500,000	Appropriated $1 million for Grain Reserve Loan Program
1985	5,000,000		67,500,000	
1986	2,500,000		70,000,000	
1988		(6,762,000)	63,238,000	AS 03.10.050 Good Borrower Credit program instituted; AS 03.10.033 Restructure of agricultural debt
1989		(1,462,000) (460,314)	61,315,686	$460,314 in GF expenditures paid by ARLF
1990		(1,000,000) (253,888)	60,061,797	Moratorium on loans - Delta Area $253,888 in GF expenditures paid by ARLF
1993		(180,500)	59,881,297	$180,500 in GF expenditures paid by ARLF
1994		(180,900)	59,700,397	$180,900 in GF expenditures paid by ARLF
1995		(203,361)	59,497,036	$203,361 in GF expenditures paid by ARLF
1996		(455,487)	59,041,549	$455,487 in GF expenditures paid by ARLF
1997		(1,110,730)	57,930,818	$1,110,730 in GF expenditures paid by ARLF

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FISCAL YEAR	APPROPRIATION ADDITION	APPROPRIATION WITHDRAWAL	INCEPTION TO DATE TOTAL	STATUTORY AUTHORIZATION AND CHANGES
1998		(951,222)	56,979,596	Moratorium on loans affected by Mt. McKinley Meat Plant fire $951,222 in GF expenditures paid by ARLF
1999		(910,302)	56,069,294	$910,302 in GF expenditures paid by ARLF
2000		(899,501)	55,169,793	$899,501 in GF expenditures paid by ARLF
2001		(1,055,916)	54,113,877	$1,055,916 in GF expenditures paid by ARLF
2002		(1,163,478)	52,950,399	$1,163,478 in GF expenditures paid by ARLF
2003		(1,056,783)	51,893,616	$1,056,783 in GF expenditures paid by ARLF
2004		(1,436,874)	50,456,743	$1,436,874 in GF expenditures paid by ARLF
2005		(649,743)	49,806,999	$649,743 in GF expenditures paid by ARLF
2006		(860,680)	48,946,320	$860,680 in GF expenditures paid by ARLF
2007		(831,615)	48,114,705	$831,615 in GF expenditures paid by ARLF
2008		(1,505)	48,113,201	$1,505 in GF expenditures paid by ARLF (FY07 Appropriation expended in FY08)
2009		0	48,113,201	No GF expenditures paid by ARLF
2010	600,000	0	48,113,201	$600,000 Creamery Corporation appropriation to ARLF No GF expenditures paid by ARLF
TOTAL	71,800,000	(23,086,799)	48,713,201	

(12,662,799) Total GF Expenditures from 1989

NOTE: If the fiscal year is not shown it means that there were no appropriations for that particular year and there were no GF expenditures paid by ARLF for that year.