

Food Security Agriculture Incentive Grant Program

FY2023 Request: \$0
Reference No: AMD 64173

AP/AL: Appropriation
Category: Natural Resources
Location: Statewide
Impact House District: Statewide (HD 1-40)
Estimated Project Dates: 07/01/2021 - 06/30/2026

Project Type: Economic Assistance
Recipient: Various
House District: Statewide (HD 1-40)
Contact: Theresa Cross
Contact Phone: (907)269-6398

Brief Summary and Statement of Need:

This funding supports agriculture grants, incentive, guarantee and program development for increased production to increase local market share. Grants and loans are critical to the future of agriculture development. The Division of Agriculture will provide financial incentives, matching grants, and higher risk loans to allow more flexibility within the Alaskan agriculture industry. Increasing land sales and foundational seed production will encourage and support expansion and development. Ultimately, this funding allows the Division to supplement Agriculture Revolving Loan Fund (ARLF) programs, provides matching grant funds, financial incentives, production programs

Scope change from prior capital description.

Funding:	<u>FY2022</u>	<u>FY2023</u>	<u>FY2024</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>Total</u>
1004 Gen Fund 1269 CSLFRF	\$3,000,000						\$3,000,000
Total:	\$3,000,000	\$0	\$0	\$0	\$0	\$0	\$3,000,000

<input type="checkbox"/> State Match Required	<input checked="" type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> Ongoing
0% = Minimum State Match % Required		<input checked="" type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Prior Funding History / Additional Information:

Investments by new businesses in a developing industry inherently carry more risk than established businesses in established industries. Traditional lenders typically do not lend to these businesses, which has been identified as a significant impediment to agricultural growth in Alaska. Additionally, the COVID-19 pandemic reduced risk tolerance and the capital available for investment in the private sector.

SF FY23-> FY22, CSFRF->UGF

<http://www.legfin.state.ak.us/BudgetReports/LY2022/Capital/SenateFin>

Project Description/Justification:

Nenana-Totchaket Agriculture Development - \$7,225,000

The Nenana-Totchaket (Nen-Tot) region has been recognized for agricultural development since the late 1970s. The Alaska Agricultural Action Council (AAAC) in 1982 reported “Nenana-Totchaket will play a particularly important role in the future of Alaskan agriculture” noting its access to the Parks Highway & Alaska Railroad; lower elevation than Delta; and not conflicting with other resource development. The current project is to develop around 100,000 acres of the existing 140,000 acres in the identified project area. This project requires soil and other surveys, clearing of lot lines and right of ways, installing roads, and other activities incidental to subdivision development.

Phase 1 supported 30,000 acres and received \$5.0 million of the estimated \$21.0 million costs through the FY22 capital budget. While delays in obtaining this funding slowed the project development, 2,000 acres have been subdivided and will be sold in the summer of 2022. This funding will keep the project moving forward on its current accelerated timeframe and cover an additional 10,000 – 15,000 acres to be developed. This is the second funding request for this project.

Agriculture 3 Phase Electrical Service Infrastructure - \$8,775,000

Many of Alaska’s previous agricultural areas remain without even basic electrical service. As part of this investment in developing 100,000 acres of farmland in the Nenana-Totchaket Project, it will be necessary to establish a reliable three-phase (commercial) electrical service for cost effective farm operations. This funding will also provide and enhance electrical service to other established areas.

As Alaska works to increase production, farmers in Alaska must be given the same basic infrastructure provided in the Lower 48 states. By developing the electrical grid, farms will be able to develop their operations with reduced production costs and development of additional storage facilities. Farms may also provide for local cost-effective processing centers.

Plant Materials Center Seed Processing and Storage Capacity Improvements - \$2,000,000

Based on the Alaska statutes and regulations, the Alaska Plant Material Center (PMC) is responsible for certifying and managing all imported plant seeds. The PMC also does research, storage, and production of genetic seeds developed or used in Alaska’s short growing season and conditions. A new seed cleaning center with additional storage capacity is critical for the continued development of Alaska’s food stocks and the re-vegetation of native species used in all of Alaska’s natural resource extraction and construction industries.

For the agriculture industry to meet the in-state demand on food security, it begins with seeds free of pathogens and pests, which are also viable in Alaska’s environmental conditions. The PMC provides foundational seeds for farmers to grow on a commercial basis. This effort is a critical link between farmers, industrial users, and the public.

Upgrades to current machinery and new storage facility are critical to expanding the ability of Alaska farmers to produce crops used for food, fiber, and reclamation.

Food Security Agriculture Incentive Grant Program - \$7,000,000

The Department of Natural Resources, Division of Agriculture, provides financial and marketing support to Alaska’s agriculture industries. These funds will supplement and enhance the private

sector by providing grants and incentives that reduce costs and risks from expanding production. This effort is part of the Governor’s \$25 million investment working to develop more food security for the State of Alaska.

Incentives, grants, and public and private partnerships will expand on existing state programs to accommodate the following:

- Farmers: provide grant funds to farmers for investments that expand and create new operations.
- Farmers: provide economic incentives for increased production while reducing the risk of market fluctuations.
- Buyers: provide economic incentives (some pass through to farmers) for contracting the purchase of Alaska grown products.
- Manufactures: provide public/private partnership funding.
- Financial support: Provide risk management (hold harmless) to Alaska Revolving Loan fund (ARLF) for new and high-risk agriculture endeavors, including new mariculture producers.

The Division of Agriculture assists the farming community with technical, marketing, and financial support using state and federal grants and the Alaska Revolving Loan fund (ARLF). These grants and loans are the lifeblood to future agriculture development. Giving the division the ability to provide financial incentives, matching grants, and higher-risk loans would allow more flexibility within the agricultural industry and encourage expansion and development.

This funding provides financial incentives that will support farmers, ranchers, and other producers in expansion efforts, and it will help encourage the growth of both large and small enterprises. Adding funds to benefit farmers by providing further funding and assistance for qualified operators is critical to economically viable industry advancement and expansion.

Line-Item Breakdown:

Line 1000	1,250,000
Line 2000	
Line 3000	15,250,000
Line 4000	
Line 5000	8,500,000
Total	25,000,000