

**CS FOR HOUSE BILL NO. 295(CRA)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered: 3/10/10

Referred: Resources, Finance

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the grant of certain state land to the University of Alaska; relating to**  
2 **the duties of the Board of Regents; relating to deposits made to the Alaska permanent**  
3 **fund received from certain lands conveyed to the University of Alaska; ratifying and**  
4 **reauthorizing certain prior conveyances of land to the University of Alaska; making**  
5 **conforming amendments; and providing for an effective date."**

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

7 \* **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section  
8 to read:

9 FINDINGS AND PURPOSE. The legislature finds that

10 (1) an academically strong state university system is a cornerstone to the long-  
11 term development of a stable population and to a healthy, diverse economy in the state;

12 (2) article VII, sec. 2 of the Constitution of the State of Alaska provides that  
13 the University of Alaska shall have title to all real property conveyed to it and that the

1 legislature shall prescribe how university property shall be administered according to law;

2 (3) article VIII, sec. 9 of the Constitution of the State of Alaska authorizes the  
3 legislature to provide for the grant of state lands and interests in those lands;

4 (4) it is in the best interests of the state and the University of Alaska that the  
5 university take ownership of a significant and substantial portfolio of land in order to further  
6 the interests of public higher education and economic development in the state;

7 (5) renewable resources should be managed on a sustained yield basis, taking  
8 into account the total land grant;

9 (6) transferring to the University of Alaska a significant and substantial  
10 portfolio of land furthers the interests of public higher education by allowing campus  
11 development and expansion, by facilitating academic research, and by fostering economic  
12 development for the well-being of the University of Alaska and the state;

13 (7) the Alaska Supreme Court's ruling in Southeast Alaska Conservation  
14 Council v. State, 202 P.3d 1162 (Alaska 2009) invalidated ch. 136, SLA 2000 and ch. 8,  
15 FSSLA 2005 because depositing revenues from land conveyed to the University of Alaska in  
16 the university endowment trust fund violated the dedicated funds section, art. XI, sec. 7, of the  
17 Constitution of the State of Alaska; the Alaska Supreme Court also held that, with the  
18 exception of the provision conveying the university research forest, the land conveyance  
19 provisions of the legislation could not be severed from the provisions that dedicated the  
20 revenue from the land to the university's endowment trust, and ordered that any land  
21 conveyed to the University of Alaska under the legislation be reconveyed to the state;

22 (8) it is in the best interests of the state and the University of Alaska to

23 (A) address directly the Alaska Supreme Court's ruling and enact  
24 curative legislation that conveys land to the University of Alaska without the  
25 unconstitutional dedication of revenue from the conveyed land to the University of  
26 Alaska's endowment trust; and

27 (B) authorize conveyance to the University of Alaska of the same land  
28 identified in ch. 8, FSSLA 2005;

29 (9) the state and the University of Alaska have expended substantial effort and  
30 money in connection with conveying lands to the university under ch. 136, SLA 2000 and ch.  
31 8, FSSLA 2005 before the Alaska Supreme Court's ruling in Southeast Alaska Conservation

1 Council v. State, 202 P.3d 1162 (Alaska 2009), and it is in the best interests of the state and  
2 the University of Alaska to preserve that effort and money by ratifying the conveyances that  
3 had occurred before the Alaska Supreme Court ruling;

4 (10) through the amendment of AS 14.40.491 to explicitly define as university  
5 receipts the revenue received by the University of Alaska from lands conveyed to the  
6 university under AS 14.40.365, the legislature retains unfettered discretion to appropriate  
7 university receipts as it sees fit, without restrictions, on an annual basis; and that preserving  
8 the legislature's discretion to appropriate the receipts on an annual basis is in the best interests  
9 of the University of Alaska and the state.

10 \* **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to  
11 read:

12 **LEGISLATIVE INTENT.** It is the intent of the legislature

13 (1) to respond to the Alaska Supreme Court's ruling in Southeast Alaska  
14 Conservation Council v. State, 202 P.3d 1162 (Alaska 2009), by passing legislation that  
15 conveys land to the University of Alaska and provides for management of revenue from that  
16 land as university receipts over which the legislature retains unrestricted authority to  
17 appropriate as it sees fit;

18 (2) to ratify the conveyances that were executed under ch. 136, SLA 2000 and  
19 ch. 8, FSSLA 2005 before the Alaska Supreme Court's ruling so that the university retains  
20 clear title to that land;

21 (3) if any provision of this Act or the conveyance of any parcel of land or class  
22 of lands under this Act is found to be an unlawful dedication of funds in violation of art. IX,  
23 sec. 7 of the Constitution of the State of Alaska or otherwise unlawful, that the land  
24 conveyances to the University of Alaska under this Act continue to the fullest extent possible;

25 (4) that the University of Alaska receive clear title to the land identified in  
26 AS 14.40.365, even though proceeds from those lands are not deposited into the University of  
27 Alaska's endowment trust fund and are instead subject to appropriation by the legislature each  
28 year in its discretion, without prior limitation upon the legislature's use and appropriation of  
29 the funds; and

30 (5) to have a stable University of Alaska system that provides a wide range of  
31 land-related curricula and extracurricular activities, including those activities that enhance

1 civic partnerships through community-based land management; expansion of campuses and  
 2 training sites; and land management for economic development and benefit to the University  
 3 of Alaska and the state.

4 \* **Sec. 3.** AS 14.40.170(a) is amended to read:

5 (a) The Board of Regents shall

6 (1) appoint the president of the university by a majority vote of the  
 7 whole board, and the president may attend meetings of the board;

8 (2) fix the compensation of the president of the university, all heads of  
 9 departments, professors, teachers, instructors, and other officers;

10 (3) confer such appropriate degrees as it may determine and prescribe;

11 (4) have the care, control, and management of

12 (A) all the real and personal property of the university; and

13 (B) land

14 (i) conveyed to the Board of Regents by the  
 15 commissioner of natural resources in the settlement of the claim of the  
 16 University of Alaska to land granted to the state in accordance with the  
 17 Act of March 4, 1915 (38 Stat. 1214), as amended, and in accordance  
 18 with the Act of January 21, 1929 (45 Stat. 1091), as amended; and

19 (ii) conveyed to [THE BOARD OF REGENTS IN  
 20 TRUST FOR] the University of Alaska by the commissioner of natural  
 21 resources under AS 14.40.365;

22 (5) keep a correct and easily understood record of the minutes of every  
 23 meeting and all acts done by it in pursuance of its duties;

24 (6) under procedures to be established by the commissioner of  
 25 administration, and in accordance with existing procedures for other state agencies,  
 26 have the care, control, and management of all money of the university and keep a  
 27 complete record of all money received and disbursed;

28 (7) adopt reasonable rules for the prudent trust management and the  
 29 long-term financial benefit to the university of the land of the university;

30 (8) provide public notice of sales, leases, exchanges, and transfers of  
 31 the land of the university or of interests in land of the university;

1 (9) administer, manage, market, and promote a postsecondary  
 2 education savings program, including the Alaska Higher Education Savings Trust  
 3 under AS 14.40.802 and the Alaska advance college tuition savings fund under  
 4 AS 14.40.803 - 14.40.817.

5 \* **Sec. 4.** AS 14.40.291(a) is amended to read:

6 (a) Notwithstanding any other provision of law, university-grant land, state  
 7 replacement land that becomes university-grant land on conveyance to the university,  
 8 land conveyed to [THE BOARD OF REGENTS IN TRUST FOR] the University of  
 9 Alaska under AS 14.40.365, and any other land owned by the university is not and  
 10 may not be treated as state public domain land. Land conveyed to [THE BOARD OF  
 11 REGENTS IN TRUST FOR] the University of Alaska under AS 14.40.365 shall be  
 12 managed in accordance with [AS NONTAXABLE TRUST LAND UNDER]  
 13 AS 14.40.365 - 14.40.367 and policies of the Board of Regents.

14 \* **Sec. 5.** AS 14.40.365 is repealed and reenacted to read:

15 **Sec. 14.40.365. University land grant.** (a) Except as provided in (b) of this  
 16 section, no more than two years after the effective date of this Act, the commissioner  
 17 of natural resources shall convey to the University of Alaska, by quitclaim deed, the  
 18 state land identified for conveyance to the university and described in the document  
 19 titled "University of Alaska Land Grant List 2005," dated January 12, 2005.

20 (b) As soon as practicable after June 30, 2055, the commissioner of natural  
 21 resources shall convey to the University of Alaska, by quitclaim deed, the state land  
 22 described as the "University Research Forest" and identified for conveyance to the  
 23 university in the document titled "University of Alaska Land Grant List 2005," dated  
 24 January 12, 2005.

25 (c) As soon as practicable after the receipt of patent from the United States,  
 26 but not before the land is otherwise required to be conveyed under this section, the  
 27 commissioner of natural resources shall convey to the University of Alaska, by  
 28 quitclaim deed, federal land that has been selected for conveyance to the state under  
 29 the Alaska Statehood Act but is subject to a federal mining claim, and that is identified  
 30 in the document titled "University of Alaska Land Grant List 2005," dated January 12,  
 31 2005, for conveyance to the university upon the state's acquisition of patent.

1 (d) Notwithstanding AS 38.05.125(a), and except as otherwise provided in this  
 2 section, the transfer of ownership of land from the commissioner of natural resources  
 3 to the University of Alaska under this section includes the interest of the state in the  
 4 coal, ores, minerals, fissionable materials, geothermal resources, and fossils, oil, and  
 5 gas that may be in or on the land.

6 (e) Land conveyed under this section to the University of Alaska is subject to  
 7 any valid possessory interest or other valid existing right, including any lease, license,  
 8 contract, prospecting site, claim, sale, permit, right-of-way, Native allotment, or  
 9 easement held by another person, including a federal, state, or municipal agency, on  
 10 the effective date of this section.

11 (f) Before conveying land under this section, the commissioner of natural  
 12 resources shall reserve access under AS 38.05.127, but other provisions of AS 38.04  
 13 and AS 38.05 do not apply to the commissioner's preparation for conveyance of land  
 14 to the University of Alaska under this section. In addition to access under  
 15 AS 38.05.127, the commissioner may reserve in the conveyance document existing  
 16 offshore uses such as aquatic fish farm sites, anchorages for vessels, fish buying  
 17 stations, trails, roads, and other access routes that provide public access to adjacent  
 18 land and public waterways; however, an easement along tidewater reserved by the  
 19 commissioner under AS 38.05.127 may not exceed 25 feet.

20 (g) In addition to rights or an interest held by a person under (e) of this  
 21 section, land conveyed to the University of Alaska under this section

22 (1) is subject to

23 (A) sec. 6(i) of the Alaska Statehood Act (P.L. 85-508, 72 Stat.  
 24 339);

25 (B) AS 19.10.010;

26 (C) any easement, right-of-way, or other access under former  
 27 43 U.S.C. 932 (sec. 8, Act of July 26, 1866, 14 Stat. 253);

28 (D) the provisions of any memorandum of agreement entered  
 29 into between the University of Alaska and the commissioner of natural  
 30 resources governing shared benefits or costs associated with land to be  
 31 conveyed to the University of Alaska;

1 (E) any interest transferred to the state by quitclaim deed dated  
2 June 30, 1959, under authority of the Alaska Omnibus Act (P.L. 86-70, 73  
3 Stat. 141); and

4 (2) excludes the mineral estate on land that is subject to a valid state  
5 mining claim.

6 (h) As soon as practicable after the extinguishment, release, or expiration of a  
7 valid state mining claim located on land to be conveyed under this section, but not  
8 before the land is otherwise required to be conveyed under this section, the  
9 commissioner of natural resources shall convey the mineral estate excluded from  
10 conveyance under (g)(2) of this section.

11 (i) The responsibility for the management of land conveyed to the University  
12 of Alaska under this section vests with the Board of Regents for the University of  
13 Alaska on the date of recording that conveyance.

14 (j) Any income derived from land conveyed to the University of Alaska under  
15 this section accruing after the date of conveyance, including any income accruing from  
16 an existing lease, license, contract, prospecting site sale, permit, right-of-way,  
17 easement, or trespass claim shall be received by the University of Alaska and  
18 accounted for as university receipts.

19 (k) Notwithstanding any other provision of this section, within 10 years after  
20 final conveyance of land under this section, the Board of Regents may reconvey to the  
21 Department of Natural Resources land

22 (1) containing hazardous waste that was present on the land before  
23 conveyance under this section;

24 (2) on which is located a historic or archeological site that is subject to  
25 management under AS 41.35; or

26 (3) that the Board of Regents and the commissioner of natural  
27 resources jointly agree is in the best interests of the state and the university to  
28 reconvey.

29 (l) After the effective date of this section and before the conveyance of a  
30 parcel of land to the University of Alaska under this section, the commissioner of  
31 natural resources may not convey, without consent of the university, any irrevocable

1 interest in a parcel that is required to be conveyed to the University of Alaska under  
2 this section.

3 (m) The commissioner of natural resources may make minor adjustments to  
4 the maps or legal descriptions of the state land identified for conveyance to the  
5 university and described in the document titled "University of Alaska Land Grant List  
6 2005," dated January 12, 2005, to correct omissions or errors.

7 (n) Notwithstanding (a) of this section, the following state land described in  
8 the document titled "University of Alaska Land Grant List 2005," dated January 12,  
9 2005, may not be conveyed to the University of Alaska under this section:

10 (1) Parcel Number CS.DI.1001, Duke Island;

11 (2) Parcel Number MF.1002, Idaho Inlet;

12 (3) Parcel Number CS.KI.1001, Kelp Island;

13 (4) Parcel Number HA.CH.1001, Haines-Chilkoot;

14 (5) Parcel Number KT.1004, Neets Creek;

15 (6) Parcel Number MA.KR.1001, Kodiak Rocket Range;

16 (7) Parcel Number ST.1002, Pelican, except that the portion of Parcel  
17 Number ST.1002, Pelican that is described as unit C-18 in the Northern Southeast  
18 Area Plan adopted by the commissioner of natural resources on October 15, 2002, may  
19 be conveyed to the University of Alaska subject to (q) of this section;

20 (8) Parcel Number PA.1001, Port Alexander;

21 (9) Parcel Number ST.1002, Warm Springs Bay;

22 (10) Parcel Number MF.1001, Mite Cove;

23 (11) Parcel Number NS.EX. 1002, Excursion Inlet;

24 (12) Parcel Number JU.1002, Lynn Canal;

25 (13) Parcel Number JU.1001, William Henry Bay; and

26 (14) the portions of United States Survey 2459 and United States  
27 Survey 6855 that are within Parcel Number ST.1003, Tenakee Springs.

28 (o) Notwithstanding (a) of this section, the state land identified in this  
29 subsection and described in the document titled "University of Alaska Land Grant List  
30 2005," dated January 12, 2005, may not be conveyed to the University of Alaska  
31 under this section if the land is included in a borough formed before July 1, 2012, that



1 includes Petersburg. If a borough is not formed before July 1, 2012, land described in  
 2 this subsection shall be conveyed to the University of Alaska on July 1, 2012. If a  
 3 borough is formed before July 1, 2012, and the borough does not select land described  
 4 in this subsection before January 1, 2016, the land not selected by the borough shall be  
 5 conveyed to the University of Alaska on June 30, 2016. The following land is subject  
 6 to this subsection:

- 7 (1) Parcel Number SD.1001, Beecher Pass;
- 8 (2) Parcel Number SD.1001, Favor Peak;
- 9 (3) Parcel Number CS.TL.1001, Three Lake Road;
- 10 (4) Parcel Number SD.1001, Read Island;
- 11 (5) Parcel Number SD.1001, Whitney Island.

12 (p) Notwithstanding (a) of this section, the state land identified in this  
 13 subsection and described in the document titled "University of Alaska Land Grant List  
 14 2005," dated January 12, 2005, may not be conveyed to the University of Alaska  
 15 under this section if the land is selected by the City and Borough of Wrangell. If the  
 16 borough does not select land described in this subsection before January 1, 2013, the  
 17 land not selected by the borough shall be conveyed to the University of Alaska on  
 18 June 30, 2013. The following land is subject to this subsection:

- 19 (1) Parcel Number CS.EW.1001, Earl West Cove;
- 20 (2) Parcel Number CS.OV.1001, Olive Cove; and
- 21 (3) Parcel Number SD.1001, Thoms Place.

22 (q) Notwithstanding (a) of this section, the state land identified in this  
 23 subsection and described in the document titled "University of Alaska Land Grant List  
 24 2005," dated January 12, 2005, may not be conveyed to the University of Alaska  
 25 under this section if the land is included in a borough formed before July 1, 2012. If a  
 26 borough is not formed before July 1, 2012, the land described in this subsection shall  
 27 be conveyed to the University of Alaska on July 1, 2012. If a borough is formed  
 28 before July 1, 2012, and the borough does not select land described in this subsection  
 29 before January 1, 2016, the land not selected by the borough shall be conveyed to the  
 30 University of Alaska on June 30, 2016. The following land is subject to the provisions  
 31 of this subsection: that portion of Parcel Number ST.1002, Pelican that is described as

1 unit C-18 in the Northern Southeast Area Plan adopted by the commissioner of natural  
2 resources on October 15, 2002.

3 (r) The state land identified as Parcel Number SD.1001, Sumdum in the  
4 document titled "University of Alaska Land Grant List 2005," dated January 12, 2005,  
5 that is transferred to the University of Alaska in (a) of this section,

6 (1) may not be open to commercial timber harvest or mineral  
7 development;

8 (2) must be preserved for the purpose of historical, cultural, and  
9 scientific research and education and must be accessible for public interpretive study  
10 and education;

11 (3) may not be used for a purpose inconsistent with the significance of  
12 the parcel and adjoining land for the preservation of Alaska Native cultural knowledge  
13 and history.

14 (s) The University of Alaska shall include in a document that conveys the state  
15 land or any portion of or interest in the state land identified as Parcel Number  
16 SD.1001, Sumdum, in the document titled "University of Alaska Land Grant List  
17 2005," dated January 12, 2005, a perpetual covenant for the benefit of the state and  
18 running with the land that restricts or limits the use of the land for purposes that are  
19 consistent with the restrictions, limitations, and requirements in (r) of this section.

20 \* **Sec. 6.** AS 14.40.366 is repealed and reenacted to read:

21 **Sec. 14.40.366. Management requirements for university land.** (a) Before  
22 the conveyance or the disposal of an interest in the land to a third party, land conveyed  
23 to the University of Alaska under AS 14.40.365 shall be managed in a manner that, to  
24 the extent practicable, permits reasonable activities of the public, including historic  
25 recent public uses, that do not interfere with the use or management of the land by the  
26 university.

27 (b) For land conveyed to the University of Alaska under AS 14.40.365, the  
28 Board of Regents shall

29 (1) seek public comment on proposals for land development,  
30 exchange, or sale; and

31 (2) adopt policies that require the preparation of land development

1 plans and land disposal plans.

2 (c) Before the Board of Regents of the University of Alaska offers a parcel of  
3 land for sale under this section, the board shall offer first refusal to the closest  
4 municipality.

5 (d) The Board of Regents shall adopt policies requiring public notice before  
6 approval of land development plans and land disposal plans. The policies must require  
7 that the notice be provided not less than 30 days before the proposed action and that  
8 the notice be

9 (1) sent to local legislators, municipalities, and legislative information  
10 offices in the vicinity of the action and at other locations as the university may  
11 designate;

12 (2) published in newspapers of general circulation in the vicinity of the  
13 proposed action at least once each week for two consecutive weeks; and

14 (3) published on state and university public notice Internet websites.

15 (e) In this section, "development, exchange, or sale" does not include the grant  
16 of an easement or right-of-way or the development of a campus facility.

17 \* **Sec. 7.** AS 14.40.367 is repealed and reenacted to read:

18 **Sec. 14.40.367. Confidential records.** Notwithstanding AS 40.25.100 -  
19 40.25.295 (Alaska Public Records Act), on a determination that it is in the best interest  
20 of the University of Alaska or on the request of the person who has provided the  
21 information, the president of the university may keep the following confidential:

22 (1) the name of a person applying for the sale, lease, or other disposal  
23 of university land or an interest in university land;

24 (2) before the issuance of a notice of intent to award a contract relating  
25 to a sale, lease or disposal of university land or an interest in university land, the  
26 names of the participants and the terms of their offers;

27 (3) all geological, well, geophysical, engineering, architectural, sales,  
28 market, cost, appraisal, timber cruise, gross receipts, net receipts, or other financial  
29 information relating to university land or an interest in university land and considered  
30 for, offered for, or currently subject to disposal or a contract;

31 (4) cost data and financial information submitted by an applicant in

1 support of applications for bonds, leases, or other information in offerings and  
 2 ongoing operations relating to management of university land;

3 (5) applications for rights-of-way or easements across university land;  
 4 and

5 (6) requests for information about or applications by public agencies  
 6 for university land that is being considered for use for a public purpose.

7 \* **Sec. 8.** AS 14.40 is amended by adding a new section to read:

8 **Sec. 14.40.369. Statute of limitations.** A person may not bring any judicial  
 9 action challenging AS 14.40.365 - 14.40.367 or any conveyance authorized under  
 10 AS 14.40.365 unless the action is commenced no later than one year after the effective  
 11 date of this Act.

12 \* **Sec. 9.** AS 14.40.400(a) is amended to read:

13 (a) The Board of Regents shall establish a separate endowment trust fund in  
 14 which shall be held in trust in perpetuity all

15 (1) net income derived from the sale or lease of the land granted under  
 16 the Act of Congress approved January 21, 1929, as amended; **and**

17 (2) [NET INCOME DERIVED FROM THE SALE, LEASE, OR  
 18 MANAGEMENT OF THE LAND CONVEYED TO THE BOARD OF REGENTS  
 19 IN TRUST FOR THE UNIVERSITY OF ALASKA UNDER AS 14.40.365;  
 20 HOWEVER, THE AMOUNT DEPOSITED IN THE ENDOWMENT TRUST FUND  
 21 UNDER THIS PARAGRAPH RESULTING FROM MINERAL LEASE  
 22 ROYALTIES AND ROYALTY SALES PROCEEDS MAY NOT BE LESS THAN  
 23 25 PERCENT OF ALL SUCH MINERAL LEASE ROYALTIES AND ROYALTY  
 24 SALES PROCEEDS RECEIVED BY THE UNIVERSITY; AND

25 (3)] monetary gifts, bequests, or endowments made to the University  
 26 of Alaska for the purpose of the fund.

27 \* **Sec. 10.** AS 14.40.491 is amended to read:

28 **Sec. 14.40.491. Definition of university receipts.** In AS 14.40.120 -  
 29 14.40.491, "university receipts" includes

30 (1) student fees, including tuition;

31 (2) receipts from university auxiliary services;

- 1 (3) recovery of indirect costs of university activities;
- 2 (4) receipts from sales and rentals of university property;
- 3 (5) federal receipts;
- 4 (6) gifts, grants, and contracts;
- 5 (7) receipts from sales, rentals, and the provision of services of
- 6 educational activities; [AND]
- 7 (8) receipts attributable to amounts distributed from university
- 8 endowments established and managed under AS 14.40.280 and from the endowment
- 9 trust fund established and managed under AS 14.40.400; **and**
- 10 **(9) receipts from lands conveyed to the University of Alaska by the**
- 11 **commissioner of natural resources under AS 14.40.365.**

12 \* **Sec. 11.** AS 29.45.030(a) is amended to read:

13 (a) The following property is exempt from general taxation:

14 (1) municipal property, including property held by a public corporation

15 of a municipality, [OR] state property, **property of the University of Alaska**, or land

16 that is in the trust established by the Alaska Mental Health Enabling Act of 1956, P.L.

17 84-830, 70 Stat. 709, except that

18 (A) a private leasehold, contract, or other interest in the

19 property is taxable to the extent of the interest;

20 (B) notwithstanding any other provision of law, property

21 acquired by an agency, corporation, or other entity of the state through

22 foreclosure or deed in lieu of foreclosure and retained as an investment of a

23 state entity is taxable; this subparagraph does not apply to federal land granted

24 to the University of Alaska under AS 14.40.380 or 14.40.390, [OR] to other

25 land granted to the university by the state to replace land that had been granted

26 under AS 14.40.380 or 14.40.390, **or to land conveyed by the state to the**

27 **university under AS 14.40.365;**

28 (C) an ownership interest of a municipality in real property

29 located outside the municipality acquired after December 31, 1990, is taxable

30 by another municipality; however, a borough may not tax an interest in real

31 property located in the borough and owned by a city in that borough;

1 (2) household furniture and personal effects of members of a  
2 household;

3 (3) property used exclusively for nonprofit religious, charitable,  
4 cemetery, hospital, or educational purposes;

5 (4) property of a nonbusiness organization composed entirely of  
6 persons with 90 days or more of active service in the armed forces of the United States  
7 whose conditions of service and separation were other than dishonorable, or the  
8 property of an auxiliary of that organization;

9 (5) money on deposit;

10 (6) the real property of certain residents of the state to the extent and  
11 subject to the conditions provided in (e) of this section;

12 (7) real property or an interest in real property that is exempt from  
13 taxation under 43 U.S.C. 1620(d), as amended;

14 (8) property of a political subdivision, agency, corporation, or other  
15 entity of the United States to the extent required by federal law; except that a private  
16 leasehold, contract, or other interest in the property is taxable to the extent of that  
17 interest unless the property is located on a military base or installation and the  
18 property interest is created under 10 U.S.C. 2871 - 2885 (Military Housing  
19 Privatization Initiative), provided that the leaseholder enters into an agreement to  
20 make a payment in lieu of taxes to the political subdivision that has taxing authority;

21 (9) natural resources in place including coal, ore bodies, mineral  
22 deposits, and other proven and unproven deposits of valuable materials laid down by  
23 natural processes, unharvested aquatic plants and animals, and timber.

24 \* **Sec. 12.** AS 29.65.030(d) is repealed and reenacted to read:

25 (d) For the purpose of determining the general land grant entitlement under (a)  
26 of this section, the maximum total acreage of vacant, unappropriated, unreserved land  
27 within the boundaries of the municipality between the date of its incorporation and  
28 two years after that date shall be increased by the amount of land located within the  
29 boundaries of the municipality that is transferred to the University of Alaska under  
30 AS 14.40.365.

31 \* **Sec. 13.** AS 37.13.010(a) is amended to read:

1 (a) Under art. IX, sec. 15, of the state constitution, there is established as a  
2 separate fund the Alaska permanent fund. The Alaska permanent fund consists of

3 (1) 25 percent of all mineral lease rentals, royalties, royalty sale  
4 proceeds, net profit shares under AS 38.05.180(f) and (g), **25 percent of all mineral**  
5 **lease rentals, royalties, royalty sale proceeds, net profit shares derived from lands**  
6 **conveyed to the University of Alaska under AS 14.40.365 and 25 percent of all**  
7 **bonuses derived by the University of Alaska from mineral leases on these lands,**  
8 **and 25 percent of** [AND] federal mineral revenue sharing payments received by the  
9 state from mineral leases issued on or before December 1, 1979, and 25 percent of all  
10 bonuses received by the state from mineral leases issued on or before February 15,  
11 1980;

12 (2) 50 percent of all mineral lease rentals, royalties, royalty sale  
13 proceeds, net profit shares under AS 38.05.180(f) and (g), and federal mineral revenue  
14 sharing payments received by the state from mineral leases issued after December 1,  
15 1979, and 50 percent of all bonuses received by the state from mineral leases issued  
16 after February 15, 1980; and

17 (3) any other money appropriated to or otherwise allocated by law or  
18 former law to the Alaska permanent fund.

19 \* **Sec. 14.** AS 14.40.368 is repealed.

20 \* **Sec. 15.** The uncodified law of the State of Alaska is amended by adding a new section to  
21 read:

22 RATIFICATION OF PRIOR CONVEYANCES. All of those interests in lands that  
23 were conveyed to the university under ch. 136, SLA 2000 and ch. 8, FSSLA 2005, before the  
24 Alaska Supreme Court's ruling in Southeast Alaska Conservation Council v. State, 202 P.3d  
25 1162 (Alaska 2009) are ratified and are deemed to have been conveyed under the authority of  
26 this Act.

27 \* **Sec. 16.** The uncodified law of the State of Alaska is amended by adding a new section to  
28 read:

29 SEVERABILITY. Under AS 01.10.030, if any provision of this Act, or the application  
30 of this Act to any person or circumstance is held invalid, the remainder of this Act and the  
31 application to other persons or circumstances are not affected.

1      \* **Sec. 17.** This Act takes effect immediately under AS 01.10.070(c).