

CSHB 361(RES): DISPOSALS OF STATE RESOURCES

SECTIONAL ANALYSIS

FOR THE HOUSE FINANCE COMMITTEE • MARCH 21, 2012

Sections 1 through 4 of the bill revise land sales statutes to clarify that the Division of Mining, Land, and Water can use sealed bids instead of public auctions as the Department of Natural Resources has done for many years.

Sec. 5 revises leasing statutes to increase the appraised value of the transaction from \$5,000 to \$10,000 per year in order to qualify for negotiated leases.

Sec. 6 revises the statute by adding new subsections to the land leasing laws:

(d) This section revises land leasing laws to provide for conversion of a public, competitive offering process to a negotiated, non-competitive process if after public notice only one interested party expresses interest in acquiring the lease.

(e) This section revises land leasing laws to provide for renewals upon expiration of a lease issued under AS 38.05.070, 38.05.075, or 38.05.810. This would allow for a lease to be renewed one time at the discretion of the director of MLW if certain established conditions are satisfied.

Sections 7 through 9 revise land leasing statutes to clarify that MLW can use sealed bids instead of public auctions.

Sections 10 through 12 separate material sales from timber sales in the statutes. Timber sales would remain under AS 38.05.110 – 123 and a new section would be established for material sales (sand, gravel, rip-rap, stone etc.) under Section 15 of this bill. This will clarify the purposes, methods and procedures for these two different types of property sales, which would provide more certainty to the sales processes.

Sec. 13 changes this statute to conform to the Department of Revenue's mining license tax laws and allow miners to file MLT either by calendar year or the company's fiscal year. This section also gives DNR the authority to exempt, by regulation, small operations from the production royalty.

Sec. 14 revises mining statutes to allow the director of the Division of Mining, Land and Water to extend or renew a submerged land mining lease for up to a period of 20 years.

Sec. 15 revises the Alaska Land Act by adding new sections under a new Article (13A) to deal specifically with Material Sales. This proposed change, associated with proposed changes under Sections 10 through 12, is intended to separate the two very different types of property sales.

The substantive changes to the material sales statutes under this section separate out the respective rules and procedures for timber sales and material sales (such as for rock and gravel).

The proposed changes would:

- Allow the state to solicit competitive interest in material sales, and if there is none, avoid the longer competitive process;
- Establish how prices would be determined and allow for more use of the representative regional sales price rather than requiring appraisals of the material for each sale;
- Clarify that material may be sold at less than fair market value for certain instances that are in the public interest as related to conditions set in AS 38.05.872;
- Allow material use that is incidental to other authorizations to be sold without a separate material sale authorization; and
- Allow the use and sale of peat to create another alternative fuel for heat and power generation for personal and commercial use.

Sec. 16 revises public and charitable use statutes to clarify that DNR may negotiate the lease of state land without competitive bid as opposed to public auction. This change amends this section of the law to conform to changes proposed in Sections 1-4, and 6-9 of the bill.

Sec. 17 revises public and charitable use statutes to allow DMLW to negotiate within the leasing process the sale of material necessary for construction, use, maintenance of property leased under AS 38.05.810.

Sec. 18 repeals and reenacts the statute that allows the department to convey materials as needed for certain flood control purposes.

Sec. 19 revises public notice statutes in order to modernize public notice requirements for disposals of property rights.

Sec. 20 repeats Sec. 19 except that it removes the option to post a legal notice referencing the online notification in a newspaper of statewide circulation as of July 1, 2017 per section 25. That option was included as a transitional option to help the public transition to online methods.

Sec. 21 changes the definition of “materials” within the Alaska Lands Act.

Sec. 22 separates out material sales from AS 41.23.470(b). There was a conflict with a reference to AS 38.05.115 once material sales were separated out in that section.

Sec. 23 changes Alaska Water Law to clarify that temporary water use permits may be renewed.

Sec. 24 provides instruction to the revisor of statutes to make organizational changes to correspond with the proposed separation of timber sales and material sales being proposed in Sections 10, 11, and 14 of this bill.

Sec. 25 provides that Section 20 of the Act takes effect on July 1, 2017.

Sec. 26 provides that, except as provided in sec. 25 of the Act, the Act takes effect July 1, 2012.