



CSHB120 (RES)
State Land Sales and Leases; Rivers
Sectional Analysis, 4/30/2021

Section 1 amends AS 14.07.030 to expand the Department of Education and Early Development's (DEED) authority to transfer real property to also include authority to transfer an interest in such property; to add the qualification that this authority may be according to terms, standards and conditions the commissioner establishes; and to remove the limitation on entities to which DEED may transfer property.

Section 2 amends AS 19.30.080 to require that the width of rights-of-way for access roads constructed under AS 19.30.060 – 19.30.100 within a municipality with zoning ordinances must conform to subdivision control ordinances in the same manner and to the same extent as [they apply to roads built by] private landowners.

Section 3 repeals and readopts AS 35.20.070, relating to the Department of Transportation & Public Facilities' (DOT&PF) authority to vacate or dispose of land. This amendment allows DOT&PF to dispose of land no longer necessary for public works according to terms, standards, and conditions established by the transportation commissioner or at the request of the commissioner of natural resources, transfer the land to the Department of Natural Resources (DNR).

Section 4 amends AS 38.04.022 by increasing the Land Disposal Income Fund's (LDIF) \$5 million deposit limit to \$12 million, and by granting DNR discretion to request an increase of that deposit limit in its annual statutorily required report to the Legislature.

Sections 5 amends AS 38.05.055 by clarifying land auction sale or sealed bid procedures, and inserting a new subsection (d) to detail the procedures for auction sales and sealed bidding.

Section 6 amends AS 38.05.065(a) to provide for sale by contract for interests in land or property sold under AS 38.05, and to delete language allowing contract by sale at public auction or by sealed bid under AS 38.05.055.

Section 7 amends AS 38.05.065(b) to extend maximum term of a contract for sale of state land under AS 38.05.057 or former AS 38.05.078 to 30 years, from 20 years.

Section 8 -11 amend AS 38.05.065 to eliminate reference to the director of the division of land's authorities relating to "foreclosure" of sales contracts, and substitute references to his authorities to terminate such contracts.

Section 12 amends AS 38.05.065 to add a new subsection (j) to allow for land sale contracts for land sold by means other than AS 38.05.055 for which it also requires an earnest money deposit

of at least 5 percent of the purchase price from a person applying to purchase land. If the applicant fails to enter into a contract to purchase, or defaults in the payment of the bid amount, the earnest money deposit will be forfeited to the state.

Section 13 adds a new subsection AS 38.05.086, to allow leasing of certain state land for commercial economic development with an option to purchase, in order to stimulate economic development in the state, either those lands within Qualified Opportunity Zones, or other lands DNR may nominate and approve. After proper land use classification and the completion of a best interest finding under AS 38.05.035, the commissioner may request proposals from the public for developing and leasing up to 20-acre parcels of these lands. If only one person requests to lease and develop a specific parcel of land, the commissioner may enter into a negotiated lease. If more than one person requests to lease and develop a specific parcel of land, the commissioner will offer the lease at competitive bid. Successful bidders will then enter a five-year lease, renewable once for up to another five-year term. At any time during the lease term the lessee can purchase the land if they are in good standing, have completed the development proposed requirements, have surveyed and appraised the land at their own cost, and pay any applicable fees. Annual rentals paid during the lease may be applied to the purchase price. This statute includes various provisions to ensure DNR's decisions are not deemed arbitrary and to provide appeal opportunities for aggrieved bidders or lessees.

Sections 14 amends AS 38.05.321(a) to add new subsections that modify the perpetual covenants imposed on land classified for agricultural purposes. For all parcels of such land, the amendments expand allowable uses to include production, sale and storage of plants and animals for commercial or personal use; construction of housing for landowners or laborers, agriculture-related improvements for animals; and use of gravel or removal of timber related to agricultural use or production of the land. For parcels of 20 acres or less, the section allows uses related to vertically integrated agricultural processing and production, to commercial agriculture support services, and to other agricultural-related purposes approved by DNR. The section also adds a new subsection to raise limits on the private sale of agricultural land from sale of no more than four parcels no more than 40 acres each, to sale of no more than eight parcels of no more than 20 acres each.

Section 15 amends AS 38.05.321(d)(3)(A) to prohibit the DNR commissioner from barring the owner of agricultural land conveyed under AS 38.05.321(a) from using such land in ways that do not limit that land's primary use for agricultural purposes as described in AS 38.05.321(a)(1).

Section 16 amends AS 38.05.965 by adding a new paragraph (29) to define "public auction."

Section 17 repeals AS 38.05.321(j), a definition of "agricultural purposes."

Section 18 establishes an immediate effective date.