

**CS FOR SENATE BILL NO. 162(FIN)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**NINETEENTH LEGISLATURE - SECOND SESSION**

**BY THE SENATE FINANCE COMMITTEE**

**Offered: 2/14/96**

**Referred: Rules**

**Sponsor(s): SENATORS GREEN, Torgerson, Lincoln**

**REPRESENTATIVES Austerman, Ogan, James**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to land used for agricultural purposes and to state land  
2 classified for agricultural purposes or subject to the restriction of use for  
3 agricultural purposes only; and annulling certain program regulations of the  
4 Department of Natural Resources that are inconsistent with the amendments made  
5 by this Act."

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

7 \* **Section 1.** LEGISLATIVE INTENT. It is the intent of the legislature in amending  
8 AS 38.05.321(a) in sec. 9 of this Act that, for state land classified as agricultural land, the  
9 state convey fee title subject to a covenant running with the land that limits use of the land  
10 to agricultural purposes.

11 \* **Sec. 2.** AS 38.04.045(b) is amended to read:

12 (b) Before the issuance of a long-term lease under AS 38.05.070 or of a patent  
13 for state land, an official cadastral survey shall be accomplished, unless a comparable,

1 approved survey exists that has been conducted by the federal Bureau of Land  
2 Management. Before land may be offered under [AS 38.05.055, 38.05.057,] AS 38.08  
3 [,] or AS 38.09, **or before land may be offered under AS 38.05.055 or 38.05.057,**  
4 **except land that is classified for agricultural uses,** an official rectangular survey grid  
5 shall be established. The rectangular survey section corner positions shall be  
6 monumented and shown on a cadastral survey plat approved by the state. For those  
7 areas where the state may wish to convey surface estate outside of an official  
8 rectangular survey grid, the commissioner may waive monumentation of individual  
9 section corner positions and substitute an official control survey with control points  
10 being monumented and shown on control survey plats approved by the state. The  
11 commissioner may not issue more than one conveyance for each section within a  
12 township outside of an official rectangular survey grid. **Land** [NO PORTION OF  
13 LAND] to be conveyed may **not** be located more than two miles from an official  
14 survey control monument except that the commissioner may waive this requirement  
15 on a determination that a single purpose use does not justify the requirement if the  
16 existing status of the land is known with reasonable certainty. The lots and tracts in  
17 state subdivisions shall be monumented and the cadastral survey and plats for the  
18 subdivision shall be approved by the state. Where land is located within a  
19 municipality with planning, platting, and zoning powers, plats for state subdivisions  
20 shall comply with local ordinances and regulations in the same manner and to the same  
21 extent as plats for subdivisions by other landowners. State subdivisions shall be filed  
22 and recorded in the district recorder's office. The requirements of this section do not  
23 apply to land made available through a cabin permit system, for material sales, for  
24 short-term leases, for parcels adjoining a surveyed right-of-way, or for land that has  
25 been open to random staking under the remote parcel program or homestead program  
26 in the past; however, for short-term leases, the lessee **shall** [MUST] comply with local  
27 subdivision ordinances unless waived by the municipality under procedures specified  
28 by ordinance. In this subsection, "a single purpose use" includes a communication site,  
29 an aid to navigation, and a park site.

30 \* **Sec. 3.** AS 38.04.065(h) is amended to read:

31 (h) Before the commissioner adopts a regional land use plan, a land

1 classification may be made on the basis of a site-specific land use plan, except a  
2 classification for a land disposal under AS 38.05.057, AS 38.08, or AS 38.09 [, OR  
3 A NEW COMMERCIAL AGRICULTURE PROJECT UNDER AS 38.05.020(b)(6)].  
4 After adoption of a regional land use plan, land classifications shall be made under the  
5 plan.

6 \* **Sec. 4.** AS 38.05.020(b) is amended to read:

7 (b) The commissioner may

8 (1) establish reasonable procedures and adopt reasonable regulations  
9 necessary to carry out this chapter and, whenever necessary, issue directives or orders  
10 to the director to carry out specific functions and duties; regulations adopted by the  
11 commissioner shall be adopted under AS 44.62 (Administrative Procedure Act); orders  
12 by the commissioner classifying land, issued after January 3, 1959, are not required  
13 to be adopted under AS 44.62 (Administrative Procedure Act);

14 (2) enter into agreements considered necessary to carry out the purposes  
15 of this chapter, including agreements with federal and state agencies;

16 (3) review any order or action of the director;

17 (4) exercise the powers and do the acts necessary to carry out the  
18 provisions and objectives of this chapter;

19 (5) notwithstanding the provisions of any other section of this chapter,  
20 grant an extension of the time within which payments due on any exploration license,  
21 lease, or sale of state land, minerals, or materials may be made, including payment of  
22 rental and royalties, on a finding that compliance with the requirements is or was  
23 prevented by reason of war, riots, or acts of God;

24 (6) classify tracts for agricultural uses [AND REQUIRE THE  
25 PREQUALIFICATION, INCLUDING THE SUBMISSION OF CONSERVATION  
26 PLANS, DEVELOPMENT PLANS, OR OTHER PLANS, SCHEDULES, OR  
27 PROGRAMS, OF PERSONS WHO APPLY TO PARTICIPATE IN AN  
28 AGRICULTURAL DEVELOPMENT PROJECT UNDER AS 44.33.475];

29 (7) waive, postpone, or otherwise modify the development requirements  
30 of a contract for the sale of agricultural land if

31 (A) the land is inaccessible by road; or [AND]

1 (B) transportation, marketing, and development costs render the  
2 required development uneconomic;

3 (8) reconvey or relinquish land or an interest in land to the federal  
4 government if

5 (A) the land is described in an amended application for an  
6 allotment under 43 U.S.C. 1617; and

7 (B) the reconveyance or relinquishment is

8 (i) for the purposes provided in 43 U.S.C. 1617; and

9 (ii) in the best interests of the state.

10 \* **Sec. 5.** AS 38.05.057(j) is amended to read:

11 (j) The commissioner may require a participant in a lottery under this section  
12 for the sale of land that is part of an agricultural development project under **former**  
13 AS 44.33.475 to submit a single application for that land. Immediately following the  
14 drawing of an applicant's name in the lottery, the applicant shall be given an  
15 opportunity to select for purchase one parcel of the land that is offered in the lottery.  
16 The names of alternate applicants shall be drawn after all parcels have been selected.  
17 If the applicant who originally selected a parcel unequivocally rejects the offer to  
18 purchase the parcel or fails to sign the contract of sale within the period of time  
19 specified by the commissioner, the parcel shall be offered for sale to alternate  
20 applicants in the order in which their names were drawn.

21 \* **Sec. 6.** AS 38.05.059 is repealed and reenacted to read:

22 Sec. 38.05.059. SALE OF AGRICULTURAL LAND. The commissioner may  
23 provide for the sale of land classified under AS 38.05.020(b)(6) for agricultural uses  
24 in parcels or tracts described by aliquot parts. The parcels or tracts are subject to state  
25 subdivision requirements and municipal ordinances.

26 \* **Sec. 7.** AS 38.05.065(c) is amended to read:

27 (c) The director shall, for contracts under (a), [OR] (b), **or (h)** of this section,  
28 set out in the contract for each sale the period for the payment of installments and the  
29 total purchase price plus interest. The director, with the consent of the commissioner,  
30 may also include in contracts under this section conditions, limitations, and terms  
31 considered necessary and proper to protect the interest of the state. Violations of any

1 provision of this chapter or the terms of the contract of sale subject the purchaser to  
2 appropriate administrative and legal action, including but not limited to specific  
3 performance, foreclosure, ejectment, or other legal remedies in accordance with  
4 applicable state law.

5 \* **Sec. 8.** AS 38.05.065(h) is amended to read:

6 (h) The commissioner

7 **(1) shall provide that, notwithstanding (a) and (b) of this section,**  
8 **in a contract for the sale of land classified under AS 38.05.020(b)(6) for**  
9 **agricultural uses, the interest rate to be charged on installment payments may not**  
10 **exceed 9.5 percent; and**

11 **(2) may declare a moratorium of up to five years on payments on land**  
12 **sold under this section for [A SALE OF AGRICULTURAL] land classified under**  
13 **AS 38.05.020(b)(6) for agricultural uses [UNDER THIS SECTION] if**

14 **(A) [(1)] the commissioner determines that the moratorium is**  
15 **in the best interest of the state;**

16 **(B) [(2)] the commissioner certifies and the contract purchaser**  
17 **agrees to perform farm development, crop production, and harvesting, not**  
18 **including land clearing or related activity, requiring the expenditure of amounts**  
19 **equivalent to the payments that would otherwise be made during the**  
20 **moratorium;**

21 **(C) [(3)] the sale of the agricultural land takes place after**  
22 **July 1, 1979; and**

23 **(D) [(4)] the contract purchaser is in compliance with the**  
24 **development plan specified in the purchase contract at the time the purchaser**  
25 **applies for a moratorium under this subsection and remains in compliance with**  
26 **the development plan during the moratorium; for the payments subject to the**  
27 **moratorium declared under this paragraph, interest [ INTEREST]**  
28 **payments are subject to the moratorium but interest continues to accrue during**  
29 **the moratorium.**

30 \* **Sec. 9.** AS 38.05.321(a) is repealed and reenacted to read:

31 (a) The department shall include in a document that conveys state land

classified as agricultural land

(1) a covenant running with the land that restricts or limits the use of the land exclusively for agricultural purposes; and

(2) a covenant running with the land permitting the owner of state land classified as agricultural land to subdivide and sell the land in not more than four parcels of not less than 40 acres each and prohibiting the parcels resulting from the subdivision that is authorized by this paragraph from being further subdivided.

\* **Sec. 10.** AS 38.05.321(b) is amended to read:

(b) **Subject to (a) of this section, state** [STATE] land classified as agricultural land that has been selected by a municipality under former AS 29.18.190 - 29.18.200 or former AS 29.18.205(e) may be approved by the director for patent under AS 29.65.050(c) [; HOWEVER, ONLY RIGHTS IN THE LAND FOR AGRICULTURAL PURPOSES MAY BE TRANSFERRED AND ALL OTHER INTERESTS IN THE LAND WILL REMAIN WITH THE STATE]. Agricultural land approved for patent to a municipality shall be credited, acre for acre, toward fulfillment of that municipality's entitlement under AS 29.65.010 - 29.65.030 or former AS 29.18.201 - 29.18.203. [IF THE DIRECTOR LATER DETERMINES IT TO BE IN THE BEST INTERESTS OF THE STATE TO TRANSFER SOME OR ALL OF THE ADDITIONAL RIGHTS IN THAT APPROVED OR PATENTED AGRICULTURAL LAND, THOSE RIGHTS SHALL PASS WITHOUT CONSIDERATION TO THE MUNICIPALITY IN WHICH THE LAND IS LOCATED. THE NOTICE AND REVIEW PROVISIONS OF AS 38.05.945 ARE APPLICABLE TO CONVEYANCE OF RIGHTS UNDER THIS SECTION.]

\* **Sec. 11.** AS 38.05.321 is amended by adding new subsections to read:

(d) For state land classified as agricultural land that is conveyed under (a) of this section,

(1) the commissioner may require the landowner to cooperate with the appropriate soil and water conservation district under AS 41.10 in the development and implementation of soil conservation plans as authorized by AS 41.10.110(6);

(2) as a condition of the conveyance, the commissioner may not require preparation and implementation of a farm development plan unless the commissioner

permits modification of a plan in cases of economic hardship or other extenuating circumstances;

(3) the commissioner may not limit

(A) the landowner's right to construct improvements related to agricultural use;

(B) the landowner's right to use the land and improvements for purposes that are incidental to and not inconsistent with the primary use of the land for agricultural purposes; and

(C) the landowner's right to subdivide and sell the land if the resulting parcels are not in violation of the minimum parcel size set out in (a)(2) of this section.

(e) A covenant described in (a) of this section may be enforced only by a civil action.

(f) In this section, "agricultural purposes" means

(1) the production of plants and animals useful to man, including forage and sod crops, grains and feed crops, fruits, trees, and vegetables, dairy animals and products, and livestock;

(2) the construction of fixed, permanent, or immovable structures reasonably required for or related to agricultural production, including that farmstead normally required for yards, driveways, parking, barns, and other outbuildings, and similar uses;

(3) the use of gravel reasonably required for agricultural production on the parcel conveyed; and

(4) removal and disposition of timber in order to bring agricultural land into production.

**\* Sec. 12. CONVERSION OF DISPOSALS MADE UNDER AS 38.05.069(c) OR UNDER FORMER AS 38.05.321(a).** (a) The provisions of AS 38.05.321(a), as amended by sec. 9 of this Act, apply to state land classified as agricultural land that, under AS 38.05.069(c) or under AS 38.05.321(a) before its amendment by sec. 9 of this Act, was subject to the limitation of the conveyance of only the interest in the land that related to agricultural purposes and that was sold, leased, or disposed of by the state after August 15, 1976, and

1 before the effective date of this Act.

2 (b) When the owner of the rights for agricultural purposes in land described in this  
3 section applies to the Department of Natural Resources, the commissioner of natural resources  
4 shall issue a new instrument of conveyance for the land that conforms to AS 38.05.321(a) and  
5 (d), as amended and enacted by secs. 9 and 11 of this Act. The commissioner of natural  
6 resources may issue a new instrument of conveyance under this section only if the owner of  
7 the rights tenders a deed or other appropriate instrument of conveyance transmitting the  
8 owner's interests in the land to the state, accompanied by title insurance coverage for or a title  
9 report affirming ownership of the rights in the person making application under this  
10 subsection.

11 (c) Until the commissioner of natural resources issues the new instrument of  
12 conveyance under (b) of this section, when necessary to enforce a state interest in the land,  
13 the state may enforce the interests in the land in the manner authorized by the instrument of  
14 conveyance that transferred the rights for agricultural purposes.

15 \* **Sec. 13.** CONVERSION OF DISPOSALS MADE UNDER FORMER AS 38.05.321(b).

16 (a) The provisions of AS 38.05.321(a), as amended by sec. 9 of this Act, apply to state land  
17 classified as agricultural land that, under AS 38.05.321(b) before its amendment by sec. 10  
18 of this Act, was subject to the limitation of the conveyance of only the interest in the land that  
19 related to agricultural purposes and that was conveyed by the state to a municipality after  
20 June 30, 1978, and before the effective date of this Act.

21 (b) When a municipality holding the rights for agricultural purposes in land described  
22 in this section applies to the Department of Natural Resources, the commissioner of natural  
23 resources shall issue a new instrument of conveyance for the land that conforms to  
24 AS 38.05.321, as amended by secs. 9 - 11 of this Act. The commissioner of natural resources  
25 may issue a new instrument of conveyance under this section only if the municipality tenders  
26 a deed or other appropriate instrument of conveyance returning the municipality's interests in  
27 the land to the state, accompanied by title insurance coverage for or a title report affirming  
28 the municipality's ownership of the rights.

29 (c) Until the commissioner of natural resources issues the new instrument of  
30 conveyance under (b) of this section, when necessary to enforce a state interest in the land,  
31 the state may enforce the interests in the land in the manner authorized by the instrument of



1 conveyance that transferred the rights for agricultural purposes.

2 \* **Sec. 14.** The following regulations are annulled: 11 AAC 67.162, 11 AAC 67.165, 11  
3 AAC 67.167(d), 11 AAC 67.170, 11 AAC 67.172, 11 AAC 67.175(1), 11 AAC 67.185, 11  
4 AAC 67.187, 11 AAC 67.188(a)(3), 11 AAC 67.188(a)(4), 11 AAC 67.188(a)(5), 11 AAC  
5 67.188(a)(6), 11 AAC 67.188(b), 11 AAC 67.188(c), 11 AAC 67.190(a), 11 AAC 67.192.