



May 1, 2026

The Honorable Lyman Hoffman
Co-Chair, Senate Finance Committee
Alaska State Capitol, Room 518
Juneau, AK 99801

The Honorable Bert Stedman
Co-Chair, Senate Finance Committee
Alaska State Capitol, Room 516
Juneau, AK 99801

The Honorable Donald Olson
Co-Chair, Senate Finance Committee
Alaska State Capitol, Room 508
Juneau, AK 99801

Co-Chairs Hoffman, Stedman, and Olson:

During the Senate Finance Committee's hearing on SB 208 on Monday, April 27, 2026, Senator Stedman requested clarification regarding the structure and administration of agricultural leases, including the presence of statutory "reopener" provisions and how agricultural leases and agricultural purchase contracts may be transferred or inherited. The Department of Natural Resources (DNR) appreciates the opportunity to summarize the statutory framework governing these instruments.

Market Adjustment Provisions

All agricultural leases issued by DNR include statutory rent adjustment requirements. Under AS 38.05.105, lease compensation must be reviewed and adjusted at the beginning of the sixth year of the lease term and every five years thereafter. SB 208 establishes that this adjustment is based on a regional market rate per acre, but it does not modify or replace the existing requirements of AS 38.05.105.

Transferability and Inheritance Rights

Senator Stedman also asked how agricultural leases, agricultural purchase contracts, and deeded agricultural parcels may be transferred or inherited. DNR provides the following summary:

- Agricultural leases may be transferred or assigned with DNR approval. Assignees must meet eligibility and development requirements. Leases may also pass to heirs or designated beneficiaries, subject to the same approval process.
- Agricultural purchase contracts may be assigned with DNR approval or passed to heirs or beneficiaries. Agricultural covenants and development requirements remain in effect and apply to any approved assignee.

- Deeded agricultural parcels, as required by AS 38.05.321, carry perpetual agricultural covenants that restrict the land to agricultural use. These covenants run with the land permanently. After title is issued, ownership may transfer freely, including to heirs, devisees, or named beneficiaries, while the covenant remains on the deed.

These provisions ensure long-term agricultural use while maintaining flexibility for inheritance and future transfers.

Lease-Specific Information Requested

The Department of Natural Resources provides the following details for the leases discussed during the hearing:

ADL #	Term	Annual/Monthly Rent	Effective – Expiration	Next Market Check
22652	10-yr agricultural lease	\$85.34	May 6, 2021 Expires: May 5, 2031	May 6, 2026
33716	55-yr agricultural lease (expired)	\$187.96	November 21, 1968 Expired: November 20, 2023	Upon renewal, application received
231358	25-yr agricultural lease	\$1,680	August 1, 2023 Expires: July 31, 2048	August 1, 2028
45586	Former lease approved for purchase	\$700/month; purchase price \$85,000		

Please let me know if you have any questions or concerns.

Sincerely,



Commissioner-designee John Crowther

cc: Jordan Shilling, Director, Governor’s Legislative Office