

34-LS1414I
Bullard
5/7/26

CS FOR HOUSE BILL NO. 296()

IN THE LEGISLATURE OF THE STATE OF ALASKA
THIRTY-FOURTH LEGISLATURE - SECOND SESSION

BY

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVE MEARS

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the sale and lease of state land for agricultural uses; and providing**
2 **for an effective date."**

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

4 *** Section 1.** AS 38.04.020(i) is amended to read:

5 (i) Nothing in this section prevents the disposal of other land by the
6 commissioner in accordance with AS 38.05.055, 38.05.057, 38.05.059, 38.05.070, the
7 issuance of remote recreational cabin site leases or sales under AS 38.05.600,
8 AS 38.08, AS 38.09, or other law.

9 *** Sec. 2.** AS 38.05.059 is amended to read:

10 **Sec. 38.05.059. Sale of agricultural land.** The commissioner, after consulting
11 with the Board of Agriculture and Conservation (AS 03.09.010), may provide for the
12 sale of land classified under AS 38.05.020 [AS 38.05.020(b)(6)] for agricultural uses
13 in parcels or tracts described by aliquot parts. The parcels or tracts are subject to state
14 subdivision requirements and municipal ordinances. **The commissioner shall publish**

1 **a schedule that provides per-acre prices of land, based on the region within which**
 2 **the land is located. The commissioner shall ensure that the schedule serves the**
 3 **best interest of the state. The commissioner may set land sale prices below the**
 4 **market rate.** Money from a sale of agricultural land shall be **deposited in the state**
 5 **land disposal income fund (AS 38.04.022).** The commissioner may offer land
 6 **classified for agricultural uses for sale at public auction under AS 38.05.057(c),**
 7 **by sealed bid under AS 38.05.055, or as provided in (b) of this section. A parcel or**
 8 **tract sold under this section is subject to AS 38.05.321 and must be used for**
 9 **agricultural uses** [SEPARATELY ACCOUNTED FOR AND MAY BE
 10 APPROPRIATED TO THE AGRICULTURAL REVOLVING LOAN FUND
 11 (AS 03.10.040)].

12 * **Sec. 3.** AS 38.05.059 is amended by adding new subsections to read:

13 (b) The department may solicit applications for the purchase of state
 14 agricultural land under this section after the director issues a written finding under
 15 AS 38.05.035(e) that the sale is in the best interests of the state and the department
 16 provides notice of the sale under AS 38.05.945. A person may apply to purchase a
 17 parcel or tract of land offered for sale under this section by submitting an application
 18 to the department. An application to purchase agricultural land must include

- 19 (1) the specific land the applicant wants to purchase;
- 20 (2) a detailed summary of the proposed agricultural uses the land will
 21 be used for;
- 22 (3) a plan for soil and water conservation;
- 23 (4) information supporting the financial viability of the applicant's
 24 proposed agricultural uses for the land, including any marketing plans;
- 25 (5) the applicant's relevant qualifications, training, and experience; and
- 26 (6) additional information and requirements established by the
 27 department by regulation, including any application fees.

28 (c) The director shall, in consultation with the director of agriculture, evaluate
 29 an application submitted under this section using scoring criteria established in
 30 regulation by the department. Criteria developed under this subsection must be
 31 flexible in application and account for the range of land offered under this subsection

1 and the variety of agricultural uses that the land may accommodate. The department
2 may provide the applicable criteria, and how an application submitted under this
3 section will be scored under those criteria, in a solicitation of interest for a particular
4 parcel or tract. The criteria must include

5 (1) the department's assessment of the feasibility and value of the
6 proposed agricultural use;

7 (2) applicable conservation and stewardship considerations;

8 (3) applicant qualifications and experience; and

9 (4) financial viability of the proposed agricultural use.

10 (d) If the director, in consultation with the director of agriculture, finds, using
11 the scoring criteria established under (c) of this section, that a sale of agricultural land
12 to an applicant under (b) of this section is in the best interests of the state, the
13 commissioner may sell the parcel or tract to the applicant. If the director has received
14 two or more applications for the same parcel or tract, the commissioner may sell the
15 parcel or tract to the applicant whose proposal the director finds, using the scoring
16 criteria established under (c) of this section, and after consulting with the director of
17 agriculture, best serves the interests of the state. An application for the purchase of
18 state land under this section, including supporting documentation submitted to the
19 department for review, is a public record subject to AS 40.25.110 - 40.25.220. The
20 commissioner shall publish all applications received for the purchase of the land,
21 including supporting documentation submitted to the department, and the department's
22 evaluation and scoring of the applications under (c) of this section. An aggrieved
23 applicant may appeal to the commissioner for a review of the director's finding within
24 20 days after receiving notice of the finding.

25 * **Sec. 4.** AS 38.05.069(d) is amended to read:

26 (d) When not in conflict with this section, the provisions of

27 **(1)** AS 38.05.045 - 38.05.105 apply to disposals under this section;

28 **and**

29 **(2) AS 38.05.084 apply to leases issued under this section.**

30 * **Sec. 5.** AS 38.05.070(c) is amended to read:

31 (c) A lease may be issued for a period up to 55 years, if the commissioner

1 determines it to be in the best interests of the state. The commissioner shall consider
2 the useful life of any improvements proposed and approved under AS 38.05.075 in
3 determining the term of the lease. **The** [IF THE] commissioner **may declare a lease**
4 **void if the commissioner** determines that

5 **(1)** the land or a part of it which is the subject of a grazing lease is not
6 being used for the purpose issued; **or**

7 **(2)** **land leased under AS 38.05.084 is not being used for**
8 **agricultural uses** [, THE LEASE MAY BE DECLARED VOID].

9 * **Sec. 6.** AS 38.05.070(e) is amended to read:

10 (e) The director may renew a lease issued under this section, AS 38.05.075,
11 38.05.083, **38.05.084**, or 38.05.810 upon its expiration if the lease is in good standing
12 and the lease renewal is determined to be in the best interests of the state. A renewal
13 issued under this subsection is not subject to AS 38.05.035(e). **The director shall**
14 **provide notice of the lease renewal decision.** A lease under

15 **(1)** this section, AS 38.05.075, or 38.05.810 may be renewed only once
16 for a term not longer than the initial term of the lease; **and**

17 **(2)** **AS 38.05.084 may not exceed 20 years under AS 38.05.084(e)** [
18 THE DIRECTOR SHALL PROVIDE NOTICE OF THE LEASE RENEWAL
19 DECISION].

20 * **Sec. 7.** AS 38.05.075(a) is amended to read:

21 (a) Except as provided in AS 38.05.035, 38.05.070, 38.05.073, 38.05.081,
22 38.05.082, 38.05.083, **38.05.084**, 38.05.087, 38.05.102, 38.05.565, 38.05.600,
23 38.05.810, and this section, when competitive interest has been demonstrated or the
24 commissioner determines that it is in the state's best interests, leasing shall be made at
25 public auction or by sealed bid, at the discretion of the director, to the highest qualified
26 bidder as determined by the commissioner. A bidder may be represented by an
27 attorney or agent at a public auction. In the public notice of a lease to be offered at
28 public auction or by sealed bid, the commissioner shall specify a minimum acceptable
29 bid and the lease compensation method. The lease compensation method shall be
30 designed to maximize the return on the lease to the state and shall be a form of
31 compensation set out in AS 38.05.073(m). An aggrieved bidder may appeal to the

1 commissioner within five days for a review of the determination. The leasing shall be
 2 conducted by the commissioner, and the successful bidder shall deposit at the public
 3 auction or with the sealed bid the first year's rental or other lease compensation as
 4 specified by the commissioner, or that portion of it that the commissioner requires in
 5 accordance with the bid. The commissioner shall require, under AS 38.05.860,
 6 qualified bidders to deposit a sum equal to any survey or appraisal costs reasonably
 7 incurred by another qualified bidder acting in accordance with the regulations of the
 8 commissioner or incurred by the department under AS 38.04.045 and AS 38.05.840. If
 9 a bidder making a deposit of survey or appraisal costs is determined by the
 10 commissioner to be the highest qualified bidder under this subsection, the deposit shall
 11 be paid to the unsuccessful bidder who incurred those costs or to the department if the
 12 department incurred the costs. All costs for survey and appraisal shall be approved in
 13 advance in writing by the commissioner. The commissioner shall immediately issue a
 14 receipt containing a description of the land or interest leased, the price bid, and the
 15 terms of the lease to the successful qualified bidder. If the receipt is not accepted in
 16 writing by the bidder under this subsection, the commissioner may offer the land for
 17 lease again under this subsection. A lease, on a form approved by the attorney general,
 18 shall be signed by the successful bidder and by the commissioner.

19 * **Sec. 8.** AS 38.05 is amended by adding a new section to read:

20 **Sec. 38.05.084. Leases of state land for agricultural uses.** (a) The
 21 commissioner may lease state land classified under AS 38.05.020 for agricultural uses.
 22 Money from the lease of agricultural land shall be deposited in the state land disposal
 23 income fund (AS 38.04.022). The commissioner may offer agricultural land for lease
 24 to the public at public auction, by sealed bid under AS 38.05.075, by negotiation under
 25 AS 38.05.070, or as provided in this section. State land that is not classified as
 26 agricultural land under AS 38.05.020 may also be leased for agricultural uses under
 27 this section. A lease issued under this section must include land use restrictions and
 28 authorizations consistent with the agricultural use of the lease. However, the
 29 commissioner shall permit a person leasing land under this section to construct
 30 housing for farmers and farm laborers if the construction accords with the person's
 31 agricultural development plan approved by the director under (c) of this section.

1 (b) A person may apply to lease state land for an agricultural use under this
2 section by submitting an application to the department. An application to lease
3 agricultural land must include

4 (1) the specific location, description, and amount of land the applicant
5 wants to lease;

6 (2) a detailed summary of the proposed agricultural uses the land will
7 be used for;

8 (3) an agricultural development plan that

9 (A) details proposed crop plans or livestock production;

10 (B) includes a timeline for agricultural production and
11 infrastructure development on the land;

12 (C) provides how soil and water will be conserved;

13 (D) describes proposed infrastructure, including housing,
14 support, or other auxiliary infrastructure;

15 (4) information supporting the financial viability of the proposal,
16 including any marketing plans;

17 (5) the applicant's relevant qualifications, training, and experience; and

18 (6) additional information and requirements established by the
19 department by regulation, including any application fees.

20 (c) The director shall, in consultation with the director of agriculture, evaluate
21 an application submitted under this section using scoring criteria established in
22 regulation by the department under AS 38.05.059(c). Upon the director's request, an
23 applicant may amend and resubmit an application provided under this section before
24 the director approves or denies the application.

25 (d) If the director finds that a lease is in the best interests of the state, the
26 department shall, upon receiving an application to lease state land for agricultural uses
27 under this section, solicit competitive interest by issuing a public notice in the manner
28 prescribed in AS 38.05.945. The notice must contain an announcement seeking
29 competitive interest. If, following notice, the director has received only one
30 application and finds, using the scoring criteria established in regulation by the
31 department under AS 38.05.059(c), that the lease is in the best interests of the state,

1 the commissioner may award a lease to the applicant. If, following notice, the director
2 has received two or more applications for the same land, the commissioner may award
3 a lease to the applicant whose proposal the director finds, using the scoring criteria
4 established in regulation by the department under AS 38.05.059(c), best serves the
5 interests of the state, notwithstanding the proposed monetary consideration. An
6 application for the lease of state land under this section, including supporting
7 documentation submitted to the department for review, is a public record subject to
8 AS 40.25.110 - 40.25.220. The commissioner shall publish all applications received
9 for the lease of the land, including supporting documentation submitted to the
10 department, and the department's evaluation and scoring of the applications under (c)
11 of this section. An aggrieved applicant may appeal to the commissioner for a review of
12 the director's finding within 20 days after receiving notice of the finding.

13 (e) Notwithstanding AS 38.05.070(c) and (e), a lease for state land under this
14 section may not exceed 20 years, with an option for renewal terms that may not
15 exceed 20 years each, if the lessee continues to meet the conditions of the lease. The
16 director shall establish by regulation criteria for lease termination, lease renewal, and
17 requirements for returning land to the state. The commissioner may terminate a lease
18 under this section if the lessee fails to use the leased land for agricultural uses or
19 otherwise fails to adhere to the terms and conditions of the agricultural development
20 plan approved by the director under this section. However, the commissioner may
21 modify a lessee's agricultural development plan if the commissioner makes a written
22 finding that the plan should be modified because of economic hardship or other
23 extenuating circumstances.

24 (f) Land leased under this section may be subleased or assigned as provided in
25 AS 38.05.095 if the sublessee or assignee agrees in writing to adhere to the terms and
26 conditions of the agricultural development plan for the land approved by the director
27 under this section, and provides a copy of the agreement to the director.

28 (g) If the commissioner determines that it is in the best interests of the state to
29 sell land leased under this section, the commissioner shall grant a lessee who has used
30 the land for agricultural uses for at least seven years and who is in compliance with the
31 terms and conditions of the lease a first option to purchase the land under

1 AS 38.05.059. Notwithstanding whether the land is classified as agricultural land
2 under AS 38.04.020, land sold under this section is subject to AS 38.05.321. If a
3 lessee does not use the land leased under this section for agricultural uses for at least
4 seven years, the lessee is not eligible for a preference under this subsection.

5 (h) The director shall establish by regulation an agricultural fee schedule for
6 compensation for a lease under this section. Rent may be set below fair market rate.

7 (i) State land leased for agricultural uses under this section is subject to

8 (1) appraisal under AS 38.05.840 only if the commissioner determines
9 in writing that the site is subject to appraisal under AS 38.05.840;

10 (2) survey under AS 38.04.045(b) only if the commissioner determines
11 in writing that the site is subject to survey under AS 38.04.045(b); and

12 (3) inspection by the department under (j) of this section to ascertain
13 and enforce compliance with the terms and conditions of a lease under this section.

14 (j) The department shall inspect land leased under this section at least once
15 biennially. An inspection under this section, at the discretion of the department, may
16 be conducted virtually or employ an unmanned aircraft system. In this subsection,
17 "unmanned aircraft system" has the meaning given in AS 18.65.909.

18 (k) A lessee who violates a provision of this section may be assessed a civil
19 penalty by the director. The director shall establish by regulation a schedule of

20 (1) applicable fines that a person may be required to pay under this
21 section; and

22 (2) administrative and enforcement actions applicable to violation of
23 the terms and conditions of a lease issued under this section.

24 (l) The commissioner shall adopt regulations establishing a lease-purchase
25 program under which, if a lessee purchases leased land under AS 38.05.059, the sale
26 price of the land may be reduced by an amount equal to a portion of the lessee's lease
27 payments made to the state. The regulations must require that the lessee have used the
28 land for agricultural uses during the lessee's tenancy to qualify for the program.

29 (m) In this section, "agricultural uses" means

30 (1) the commercial production of useful plants and animals;

31 (2) the construction of improvements for animals or improvements that

1 are reasonably required for or related to agricultural use;

2 (3) the use of gravel reasonably required or related to agricultural
3 production on the leased land; and

4 (4) the removal and disposal of timber on the leased land to bring the
5 land into agricultural use.

6 * **Sec. 9.** AS 38.05.102 is amended to read:

7 **Sec. 38.05.102. Lessee preference.** Except for a lease under AS 38.05.081,
8 [OR] 38.05.083, or 38.05.084, if land within a leasehold created under AS 38.05.070 -
9 38.05.105 is offered for sale or long-term lease at the termination of the existing
10 leasehold, the director may, upon a finding that it is in the best interest of the state,
11 allow a holder in good standing of the existing leasehold to purchase or lease the land
12 for its appraised fair market value at the time of the sale or long-term lease. **If land**
13 **within a leasehold created under AS 38.05.084 is offered for sale, the director**
14 **may, upon a finding that it is in the best interests of the state, allow a holder of**
15 **the lease to purchase the land under AS 38.05.059.**

16 * **Sec. 10.** AS 38.05.321(g) is amended to read:

17 (g) A perpetual covenant described in (a) of this section may be enforced **by**
18 **the department under (k) of this section or** [ONLY] by a civil action brought by the
19 state, a municipality, or a resident. If a municipality or a resident brings an action
20 under this subsection, the municipality or resident shall also serve a copy of the
21 summons and complaint on the state in the manner prescribed by the Alaska Rules of
22 Civil Procedure for service on the state. An action may be maintained under this
23 subsection only if

24 (1) commenced within six years after the cause of action has accrued;
25 and

26 (2) the plaintiff has first notified in writing the appropriate soil and
27 water conservation district under AS 41.10 of the violation of the covenant at least 90
28 days before the civil action is filed.

29 * **Sec. 11.** AS 38.05.321 is amended by adding a new subsection to read:

30 (k) If a landowner does not cooperate with a soil and water conservation
31 district as required by (d)(1) of this section, fails to prepare and implement a schedule

1 of agricultural development required by the commissioner under (d)(2) of this section,
 2 or violates the covenant described in (a) of this section, the department may assess
 3 civil penalties. In accordance with a schedule adopted in regulation, the department
 4 may assess and collect these and other civil penalties for violations of this section and
 5 regulations adopted under this section.

6 * **Sec. 12.** The uncodified law of the State of Alaska is amended by adding a new section to
 7 read:

8 REGULATIONS. The Department of Natural Resources may adopt regulations
 9 necessary to implement this Act. The regulations take effect under AS 44.62 (Administrative
 10 Procedure Act), but not before the effective date of this section.

11 * **Sec. 13.** Section 12 of this Act takes effect immediately under AS 01.10.070(c).

12 * **Sec. 14.** Except as provided in sec. 13 of this Act, this Act takes effect January 1, 2027.

HOUSE BILL NO. 296

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE MEARS

Introduced: 2/6/26

Referred: Resources, Finance

A BILL**FOR AN ACT ENTITLED**

1 "An Act relating to leases of state land for agricultural purposes; and providing for an
2 effective date."

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

4 * **Section 1.** AS 38.05.070(e) is amended to read:

5 (e) The director may renew a lease issued under this section, AS 38.05.075,
6 38.05.083, 38.05.084, or 38.05.810 upon its expiration if the lease is in good standing
7 and the lease renewal is determined to be in the best interests of the state. A renewal
8 issued under this subsection is not subject to AS 38.05.035(e). A lease under this
9 section, AS 38.05.075, or 38.05.810 may be renewed only once for a term not longer
10 than the initial term of the lease. The director shall provide notice of the lease renewal
11 decision.

12 * **Sec. 2.** AS 38.05.075(a) is amended to read:

13 (a) Except as provided in AS 38.05.035, 38.05.070, 38.05.073, 38.05.081,
14 38.05.082, 38.05.083, 38.05.084, 38.05.087, 38.05.102, 38.05.565, 38.05.600,

1 38.05.810, and this section, when competitive interest has been demonstrated or the
2 commissioner determines that it is in the state's best interests, leasing shall be made at
3 public auction or by sealed bid, at the discretion of the director, to the highest qualified
4 bidder as determined by the commissioner. A bidder may be represented by an
5 attorney or agent at a public auction. In the public notice of a lease to be offered at
6 public auction or by sealed bid, the commissioner shall specify a minimum acceptable
7 bid and the lease compensation method. The lease compensation method shall be
8 designed to maximize the return on the lease to the state and shall be a form of
9 compensation set out in AS 38.05.073(m). An aggrieved bidder may appeal to the
10 commissioner within five days for a review of the determination. The leasing shall be
11 conducted by the commissioner, and the successful bidder shall deposit at the public
12 auction or with the sealed bid the first year's rental or other lease compensation as
13 specified by the commissioner, or that portion of it that the commissioner requires in
14 accordance with the bid. The commissioner shall require, under AS 38.05.860,
15 qualified bidders to deposit a sum equal to any survey or appraisal costs reasonably
16 incurred by another qualified bidder acting in accordance with the regulations of the
17 commissioner or incurred by the department under AS 38.04.045 and AS 38.05.840. If
18 a bidder making a deposit of survey or appraisal costs is determined by the
19 commissioner to be the highest qualified bidder under this subsection, the deposit shall
20 be paid to the unsuccessful bidder who incurred those costs or to the department if the
21 department incurred the costs. All costs for survey and appraisal shall be approved in
22 advance in writing by the commissioner. The commissioner shall immediately issue a
23 receipt containing a description of the land or interest leased, the price bid, and the
24 terms of the lease to the successful qualified bidder. If the receipt is not accepted in
25 writing by the bidder under this subsection, the commissioner may offer the land for
26 lease again under this subsection. A lease, on a form approved by the attorney general,
27 shall be signed by the successful bidder and by the commissioner.

28 * **Sec. 3.** AS 38.05 is amended by adding a new section to read:

29 **Sec. 38.05.084. Leases of state land for agricultural purposes.** (a) The
30 commissioner may lease state land for agricultural purposes. State land that is not
31 classified as agricultural land under AS 38.05.020(b)(6) may be leased for agricultural

1 purposes under this section. A lease agreement under this section must include land
2 use restrictions and authorizations consistent with the agricultural purpose of the lease.

3 (b) A person may apply to lease state land for agricultural purposes by
4 submitting an application to the department. An application to lease state land must
5 include

6 (1) the specific location, description, and amount of land the applicant
7 wants to lease;

8 (2) a detailed summary of the proposed purpose the land will be used
9 for, including a management plan; and

10 (3) additional information and requirements established by the
11 department in regulation, including any application fees.

12 (c) Upon receiving an application to use state land for agricultural purposes,
13 the department shall solicit competitive interest by issuing a public notice in the
14 manner prescribed in AS 38.05.945. The notice must contain an announcement
15 seeking competitive interest. If competing applications are received following notice,
16 the applications will be awarded under (d) of this section.

17 (d) If the director receives two or more applications for the same land, the
18 director shall award the lease based on the merit of the agricultural proposal, not the
19 proposed monetary consideration, and may consider other reasonable factors,
20 including the qualifications of the applicant, including whether the applicant has
21 previous agricultural experience, the anticipated lease term, how the proposed use
22 would accommodate concurrent use of the land, consistency with existing state area or
23 management plans, and any additional requirements established by the director in
24 regulation. If one or more applicants have proposed using the land for agricultural
25 purposes, the director shall consider each applicant's proposal and determine which
26 proposed use is more appropriate for the selected state land. An application for a lease
27 of state land under this section, including supporting documentation submitted to the
28 department for review, is a public record subject to AS 40.25.110 - 40.25.220. An
29 aggrieved applicant may appeal to the commissioner for a review of the director's
30 determination within 20 days after receiving notice of the determination.

31 (e) Notwithstanding AS 38.05.070(f), a lease for state land under this section

1 is for 10 years with an option for five-year renewals as long as the lessee continues to
 2 meet the terms of the lease. A lessee may apply to purchase the land after the lessee
 3 has used the land for agricultural purposes for at least seven years. If a lessee does not
 4 use the land leased under this section for agricultural purposes for at least seven years,
 5 the lessee is not eligible to purchase the land. The director shall establish by regulation
 6 criteria for lease termination, lease renewal, and requirements for returning land to the
 7 state.

8 (f) The director shall establish an agricultural fee schedule for compensation
 9 for a lease under this section. The fee schedule must ensure fair compensation to the
 10 state. Fees may be set below fair market rate.

11 (g) State land leased for agricultural purposes under this section is subject to
 12 appraisal under AS 38.05.840 only if the commissioner determines in writing that the
 13 site is subject to appraisal under AS 38.05.840.

14 (h) State land leased for agricultural purposes under this section is subject to
 15 survey under AS 38.04.045(b) only if the commissioner determines in writing that the
 16 site is subject to appraisal under AS 38.04.045(b).

17 (i) A lessee who violates a provision of this section may be assessed a civil
 18 penalty by the director. The director shall establish by regulation the maximum
 19 penalty to be imposed under this subsection and the minimum penalty to be imposed
 20 under this subsection.

21 (j) In this section, "agricultural purposes" means

22 (1) the commercial production of useful plants and animals;

23 (2) the construction of

24 (A) housing for landowners and farm laborers;

25 (B) improvements for animals; or

26 (C) improvements that are reasonably required for or related to

27 agricultural use;

28 (3) the use of gravel reasonably required or related to agricultural
 29 production on the parcel conveyed; and

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

1 * **Sec. 4.** AS 38.05.102 is amended to read:

2 **Sec. 38.05.102. Lessee preference.** Except for a lease under AS 38.05.081,
3 [OR] 38.05.083, **or 38.05.084**, if land within a leasehold created under AS 38.05.070 -
4 38.05.105 is offered for sale or long-term lease at the termination of the existing
5 leasehold, the director may, upon a finding that it is in the best interest of the state,
6 allow a holder in good standing of the existing leasehold to purchase or lease the land
7 for its appraised fair market value at the time of the sale or long-term lease.

8 * **Sec. 5.** This Act takes effect January 1, 2027.

REPRESENTATIVE

DONNA MEARS

House Bill 296

Agricultural Land Leases

Sponsor Statement

In Alaska, farming takes grit and perseverance. One of the hardest parts of farming in the far north isn't the weather. It's finding land a person can afford to farm.

House Bill 296 is about opening the gate to farming opportunity.

It makes it easier for Alaskans to lease state land for agriculture by leveling the playing field and giving farmers a fair shot to get started or expand their operation. Costly upfront surveys and appraisals of land can stop a good idea in its tracks. This bill lets the Department of Natural Resources require them only when needed and allows for land leasing at a rate designed with farmers in mind.

Lease applications will be judged on the farmer's viability, the soundness of the plan, and the benefit to the State, not just who can pay the most. When it comes time to sell agricultural land, this bill recognizes that farmland should go to people who will farm it. The people who win bids should be those who will work the land, care for it, and keep it producing for years to come.

House Bill 296 also gives the State better tools to ensure that land stays in production by encouraging compliance without immediately resorting to taking land back from those trying to make it work.

If we want more food security, we need more Alaskans farming. House Bill 296 helps make that possible. It supports the people willing to take on the risk, put in the work, and grow something real for their communities.

When you support an Alaskan farmer, you're not just supporting a small business. You're strengthening our way of life.

I urge your support for House Bill 296.

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REPRESENTATIVE

DONNA MEARS

House Bill 296

Agricultural Land Leases — Version 34-LS1414\I

Sectional Analysis

Section 1 would make conforming changes to AS 38.04.020(i), which is within the statutes regarding the State of Alaska’s Land Disposal Bank, to allow for the method of sale of land for agricultural uses established in Section 3 of this bill.

Section 2 would amend AS 38.05.059, regarding the sale of agricultural land, to allow for merit-based sales of agricultural land for agricultural uses under the process established in Section 3 of this bill. The new language requires the publication of a regionally based schedule of per-acre prices for agricultural land that may be below the fair market rate.

Section 3 would add new subsections (b) – (d) to AS 38.05.059, creating an optional merit-based process for the sale of State land for agricultural uses.

AS 38.05.059(b) – Allows the Department of Natural Resources to solicit applications for the purchase of agricultural land. Requires the applicant to provide information on their plans for working the land and their qualifications to do so.

AS 38.05.059(c) – Requires applications be evaluated using criteria established in regulation in consultation with the Director of Agriculture.

AS 38.05.059(d) – Requires that a successful purchase proposal be determined to be in the best interest of the state, and that when multiple applications are received, that the purchase is awarded to the highest scoring eligible proposal. Applications are public record and an aggrieved applicant may file an appeal.

AS 38.05.059(e) – Provides guidelines to ensure that sales made under this section are done so in a transparent manner and in the best interest of the State, including providing the option to hold a public comment hearing.

Section 4 would make conforming changes to AS 38.05.069(d), which is within the section of statute providing first preference for agricultural land sales to owners of adjacent agricultural land, to allow for the method of leasing state land created in Section 8 of this bill.


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Section 5 would amend AS 38.05.070(c) to allow the Commissioner to void leases made under the new program established in Section 8 of this bill if the land is not being used for agricultural uses.

Section 6 would make conforming changes to AS 38.05.070(e) to exempt leases made under the new program established in Section 8 of this bill from the terms and requirements for other State leases.

Section 7 would amend AS 38.05.075(a) to exclude the new leasing program created in Section 8 from the bidding process for selling state land.

Section 8 would create a new section of statute, AS 38.05.084, allowing farmers to identify a parcel of state land and apply to lease it for agricultural uses.

AS 38.05.084(a) – Allows the Commissioner of the Department of Natural Resources to lease land for agricultural uses in the manner described in this section. Requires land leased under this section to be limited to use for agricultural uses but allows construction of homes for farmers and farm laborers on the land.

AS 38.05.084(b) – Allows an individual to select and apply to lease a parcel of land. Requires the applicant to provide information on their plans for working the land and their qualifications to do so.

AS 38.05.084(c) – Requires the evaluation of applications in consultation with the Director of Agriculture using criteria established in regulation.

AS 38.05.084(d) – Requires the Department to solicit competitive interest upon receipt of an application for a lease. Requires that a successful lease proposal be determined to be in the best interest of the state, and that when multiple applications are received, that the lease be awarded to the highest scoring eligible proposal. Applications are public record and an aggrieved applicant may file an appeal.

AS 38.05.084(e) – Provides for lease periods, including renewals, not to exceed 20 years. Requires the establishment in regulation of criteria for lease renewals, terminations,


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and requiring land be returned to the state. Allows for the modification of lease terms due to economic hardship or other extenuating circumstances.

AS 38.05.084(f) – Allows for leases to be sublet or transferred with the approval of the Department.

AS 38.05.084(g) – Gives first preference for purchase of a parcel of land to the lessee if they have used the land for agricultural uses for at least seven years and are in compliance with the terms of their lease.

AS 38.05.084(h) – Requires that a fee schedule be established in regulation and allows for fees to be set below the fair market rate.

AS 38.05.084(i) – Only requires appraisals or surveys if deemed necessary by the Commissioner of the Department of Natural Resources and requires inspections of leased land by the Department to ensure compliance with lease terms and conditions.

AS 38.05.084(j) – Requires leased land to be inspected by the Department at least once every two years, allowing for virtual or drone inspections in addition to in-person inspections.

AS 38.05.084(k) – Allows for civil penalties for violations of lease terms and conditions under a fee schedule established in regulation.

AS 38.05.084(l) – Allows for lease payments to be applied to the cost if a lessee purchases their land.

AS 38.05.084(m) – Defines agricultural uses for use in this section.

Section 9 would make conforming changes to AS 38.05.102 which addresses preferences for lessees to purchase their land to allow for the new program created in Section 8.

Section 10 would make conforming changes to AS 38.05.321(g) to allow for civil penalties for violations of agricultural land covenants.


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Section 11 would add a new section (k) to AS 38.05.321 to allow the Department of Natural Resources to assess civil penalties for violations of the requirements in this section to cooperate with soil and water conservation districts, prepare and implement a schedule of agricultural development, or follow the land use restrictions of an agricultural land covenant. A schedule of civil penalties for these violations would be established in regulation.

Section 12 would allow the Department of Natural Resources to draft regulations to implement the provisions of this bill.

Section 13 would create an immediate effective date for Section 12 of the bill.

Section 14 would create an effective date of January 1, 2027, for Sections 1 – 11 of the bill.

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House Bill 296

Agricultural Land Leases — Version 34-LS1414\A

Sectional Analysis

Sec. 1. – Amends AS 38.05.70(e)

This includes AS 38.05.084 per conforming changes.

Sec. 2. – Amends AS 38.05.75(a)

This includes AS 38.05.084 per conforming changes.

Sec. 3. – Adds Sec. 38.05 by adding a new section 38.05.084

- a) Clarifies the commissioner’s abilities to lease state land for agricultural purposes.
- b) States that a person may lease state land for agricultural purposes and the application must include:
 1. The land to be leased
 2. The intended plan for the lease
 3. Additional information required by the department for application
- c) Applies AS 38.05.945 to applications for state land for agricultural purposes.
- d) Outlines how the director shall award land to competing lease applications.
- e) Excepting AS 38.05.070(f), leases outlined in this legislation are for 10 years, with an option to renew for 5-year terms. This also outlines a path for a lessee to purchase the land and for the director to draft regulations relating to these processes.
- f) The director shall draft a fee schedule
- g) State land leased under this legislation is subject to appraisal under AS 38.05.40.
- h) State land leased under this legislation is subject to survey under AS 38.05.40.
- i) Outlines process if a lessee violates the terms of the lease.
- j) Defines “agricultural purposes” to include:
 1. Commercial farming.
 2. Construction for landowner and laborer housing, animals, and improvements for agricultural use.
 3. Gravel required for production.
 4. Removal of timber.

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Sec. 4. – Amends AS 38.05.102(a)

This includes AS 38.05.084 per conforming changes.

Sec. 5. – Effective Date Clause

January 1, 2027.

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House Bill 296

Agricultural Land Leases

Explanation of Changes Version A to Version I

Adds new Sections 1 – 5, creating an optional merit-based process for sales of state land for agricultural purposes in AS 38.05.059 and makes conforming changes to affected statutes.

Amends Sections 6 – 9 (Sections 1 – 4 of Ver A), making changes to the new leasing program that reflect stakeholder feedback. This includes clarifying the information required from applicants, allowing the Department of Natural resources to reject any application that isn't in the best interest of the state, allowing activities such as building housing and clearing timber rather than designating them as "agricultural purpose," and requiring regular inspections of leased land.

Adds new Sections 10 – 11, establishing civil penalty authority for the Department of Natural Resources to enforce agricultural covenants in AS 38.05.32(k) and makes conforming changes to affected statutes.

Adds new Sections 12 and 13, to create an immediate effective date for the Department to draft regulations implementing HB 296

Renumbers Section 14 (Section 5 in Ver A), making the provisions in the bill effective on January 1, 2027.

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There are currently only four active leases in Alaska for crop production.

Three of which were established in the 1960's, the fourth took 11 years to secure :

Item	Case File	Location	Acres	Annual Lease Fees	Cost Per Acre
1.	ADL 022652	Talkeetna	280.18	\$85.34	\$0.30
2.	ADL 033716	Wasilla	80.00	\$187.86	\$2.35
3.	ADL 045586	Fairbanks	80.00	\$95.86	\$1.19
4.	ADL 231358	West Su (remote)	22.00	\$2,000.00	\$90.90

(M. Benson, Natural Resource Specialist DMLW, email communication, Jan. 25, 2025)

Pending	Twitter Creek Gardens	Homer	4.50	\$9,360.00	\$2,080.00
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In comparison:

- The Kenai Peninsula Borough charges \$15/acre for tillable agricultural land leases
- The State of Alaska charges \$0.03/acre (minimum) for grazing leases

The proposed lease site has been fallow for more than twenty years, generating ZERO dollars for the State of Alaska. An additional 4.5 acres offers the potential to triple our current food production.

IN 2025, WE PRODUCED 40,000 LBS OF PRODUCE ON TWO ACRES



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House Bill 296

Agricultural Land Leases — Version 34-LS1414\A

Sectional Analysis

Sec. 1. – Amends AS 38.05.70(e)

This includes AS 38.05.084 per conforming changes.

Sec. 2. – Amends AS 38.05.75(a)

This includes AS 38.05.084 per conforming changes.

Sec. 3. – Adds Sec. 38.05 by adding a new section 38.05.084

- a) Clarifies the commissioner’s abilities to lease state land for agricultural purposes.
- b) States that a person may lease state land for agricultural purposes and the application must include:
 - 1. The land to be leased
 - 2. The intended plan for the lease
 - 3. Additional information required by the department for application
- c) Applies AS 38.05.945 to applications for state land for agricultural purposes.
- d) Outlines how the director shall award land to competing lease applications.
- e) Excepting AS 38.05.070(f), leases outlined in this legislation are for 10 years, with an option to renew for 5-year terms. This also outlines a path for a lessee to purchase the land and for the director to draft regulations relating to these processes.
- f) The director shall draft a fee schedule
- g) State land leased under this legislation is subject to appraisal under AS 38.05.40.
- h) State land leased under this legislation is subject to survey under AS 38.05.40.
- i) Outlines process if a lessee violates the terms of the lease.
- j) Defines “agricultural purposes” to include:
 - 1. Commercial farming.
 - 2. Construction for landowner and laborer housing, animals, and improvements for agricultural use.
 - 3. Gravel required for production.
 - 4. Removal of timber.

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Sec. 4. – Amends AS 38.05.102(a)

This includes AS 38.05.084 per conforming changes.

Sec. 5. – Effective Date Clause

January 1, 2027.

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House Bill 296

Agricultural Land Leases — Version 34-LS1414\I

Sectional Analysis

Section 1 would make conforming changes to AS 38.04.020(i), which is within the statutes regarding the State of Alaska’s Land Disposal Bank, to allow for the method of sale of land for agricultural uses established in Section 3 of this bill.

Section 2 would amend AS 38.05.059, regarding the sale of agricultural land, to allow for merit-based sales of agricultural land for agricultural uses under the process established in Section 3 of this bill. The new language requires the publication of a regionally based schedule of per-acre prices for agricultural land that may be below the fair market rate.

Section 3 would add new subsections (b) – (d) to AS 38.05.059, creating an optional merit-based process for the sale of State land for agricultural uses.

AS 38.05.059(b) – Allows the Department of Natural Resources to solicit applications for the purchase of agricultural land. Requires the applicant to provide information on their plans for working the land and their qualifications to do so.

AS 38.05.059(c) – Requires applications be evaluated using criteria established in regulation in consultation with the Director of Agriculture.

AS 38.05.059(d) – Requires that a successful purchase proposal be determined to be in the best interest of the state, and that when multiple applications are received, that the purchase is awarded to the highest scoring eligible proposal. Applications are public record and an aggrieved applicant may file an appeal.

AS 38.05.059(e) – Provides guidelines to ensure that sales made under this section are done so in a transparent manner and in the best interest of the State, including providing the option to hold a public comment hearing.

Section 4 would make conforming changes to AS 38.05.069(d), which is within the section of statute providing first preference for agricultural land sales to owners of adjacent agricultural land, to allow for the method of leasing state land created in Section 8 of this bill.


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Section 5 would amend AS 38.05.070(c) to allow the Commissioner to void leases made under the new program established in Section 8 of this bill if the land is not being used for agricultural uses.

Section 6 would make conforming changes to AS 38.05.070(e) to exempt leases made under the new program established in Section 8 of this bill from the terms and requirements for other State leases.

Section 7 would amend AS 38.05.075(a) to exclude the new leasing program created in Section 8 from the bidding process for selling state land.

Section 8 would create a new section of statute, AS 38.05.084, allowing farmers to identify a parcel of state land and apply to lease it for agricultural uses.

AS 38.05.084(a) – Allows the Commissioner of the Department of Natural Resources to lease land for agricultural uses in the manner described in this section. Requires land leased under this section to be limited to use for agricultural uses but allows construction of homes for farmers and farm laborers on the land.

AS 38.05.084(b) – Allows an individual to select and apply to lease a parcel of land. Requires the applicant to provide information on their plans for working the land and their qualifications to do so.

AS 38.05.084(c) – Requires the evaluation of applications in consultation with the Director of Agriculture using criteria established in regulation.

AS 38.05.084(d) – Requires the Department to solicit competitive interest upon receipt of an application for a lease. Requires that a successful lease proposal be determined to be in the best interest of the state, and that when multiple applications are received, that the lease be awarded to the highest scoring eligible proposal. Applications are public record and an aggrieved applicant may file an appeal.

AS 38.05.084(e) – Provides for lease periods, including renewals, not to exceed 20 years. Requires the establishment in regulation of criteria for lease renewals, terminations,


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and requiring land be returned to the state. Allows for the modification of lease terms due to economic hardship or other extenuating circumstances.

AS 38.05.084(f) – Allows for leases to be sublet or transferred with the approval of the Department.

AS 38.05.084(g) – Gives first preference for purchase of a parcel of land to the lessee if they have used the land for agricultural uses for at least seven years and are in compliance with the terms of their lease.

AS 38.05.084(h) – Requires that a fee schedule be established in regulation and allows for fees to be set below the fair market rate.

AS 38.05.084(i) – Only requires appraisals or surveys if deemed necessary by the Commissioner of the Department of Natural Resources and requires inspections of leased land by the Department to ensure compliance with lease terms and conditions.

AS 38.05.084(j) – Requires leased land to be inspected by the Department at least once every two years, allowing for virtual or drone inspections in addition to in-person inspections.

AS 38.05.084(k) – Allows for civil penalties for violations of lease terms and conditions under a fee schedule established in regulation.

AS 38.05.084(l) – Allows for lease payments to be applied to the cost if a lessee purchases their land.

AS 38.05.084(m) – Defines agricultural uses for use in this section.

Section 9 would make conforming changes to AS 38.05.102 which addresses preferences for lessees to purchase their land to allow for the new program created in Section 8.

Section 10 would make conforming changes to AS 38.05.321(g) to allow for civil penalties for violations of agricultural land covenants.


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Section 11 would add a new section (k) to AS 38.05.321 to allow the Department of Natural Resources to assess civil penalties for violations of the requirements in this section to cooperate with soil and water conservation districts, prepare and implement a schedule of agricultural development, or follow the land use restrictions of an agricultural land covenant. A schedule of civil penalties for these violations would be established in regulation.

Section 12 would allow the Department of Natural Resources to draft regulations to implement the provisions of this bill.

Section 13 would create an immediate effective date for Section 12 of the bill.

Section 14 would create an effective date of January 1, 2027, for Sections 1 – 11 of the bill.

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House Bill 296

Agricultural Land Leases

Sponsor Statement

In Alaska, farming takes grit and perseverance. One of the hardest parts of farming in the far north isn't the weather. It's finding land a person can afford to farm.

House Bill 296 is about opening the gate to farming opportunity.

It makes it easier for Alaskans to lease state land for agriculture by leveling the playing field and giving farmers a fair shot to get started or expand their operation. Costly upfront surveys and appraisals of land can stop a good idea in its tracks. This bill lets the Department of Natural Resources require them only when needed and allows for land leasing at a rate designed with farmers in mind.

Lease applications will be judged on the farmer's viability, the soundness of the plan, and the benefit to the State, not just who can pay the most. When it comes time to sell agricultural land, this bill recognizes that farmland should go to people who will farm it. The people who win bids should be those who will work the land, care for it, and keep it producing for years to come.

House Bill 296 also gives the State better tools to ensure that land stays in production by encouraging compliance without immediately resorting to taking land back from those trying to make it work.

If we want more food security, we need more Alaskans farming. House Bill 296 helps make that possible. It supports the people willing to take on the risk, put in the work, and grow something real for their communities.

When you support an Alaskan farmer, you're not just supporting a small business. You're strengthening our way of life.

I urge your support for House Bill 296.

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House Bill 296

Agricultural Land Leases

Explanation of Changes Version A to Version I

Adds new Sections 1 – 5, creating an optional merit-based process for sales of state land for agricultural purposes in AS 38.05.059 and makes conforming changes to affected statutes.

Amends Sections 6 – 9 (Sections 1 – 4 of Ver A), making changes to the new leasing program that reflect stakeholder feedback. This includes clarifying the information required from applicants, allowing the Department of Natural resources to reject any application that isn't in the best interest of the state, allowing activities such as building housing and clearing timber rather than designating them as "agricultural purpose," and requiring regular inspections of leased land.

Adds new Sections 10 – 11, establishing civil penalty authority for the Department of Natural Resources to enforce agricultural covenants in AS 38.05.32(k) and makes conforming changes to affected statutes.

Adds new Sections 12 and 13, to create an immediate effective date for the Department to draft regulations implementing HB 296

Renumbers Section 14 (Section 5 in Ver A), making the provisions in the bill effective on January 1, 2027.

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