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Senate Bill 208 Agricultural Land Leases
Sectional Analysis - Version L
May 7, 2026

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) – (e) 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.

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.

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, 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.

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.