



THE STATE  
of **ALASKA**  
GOVERNOR MIKE DUNLEAVY

## Department of Natural Resources

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### Senate Bill 97 State Land Sales and Leases; Rivers Sectional Analysis, Version A, 3/9/2021

**Section 1** amends AS 14.07.030 to expand the Department of Education and Early Development (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 – 19.30.1000 must be consistent with but not larger than those for a municipal road, and to eliminate the requirement that such access roads must conform to the local municipality's subdivision control ordinances.

**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 commissioner or may 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. This proposed increase to the LDIF cap is critical to expanding state land sales and implementing a program for the leasing and sale of state lands deemed suitable for commercial development as provided for in this bill.

**Sections 5 and 6** amend AS 38.05.055 by clarifying auction sale or sealed bid procedures, and inserting a new subsection (d) to detail the procedures for auction sales and sealed bidding.

**Sections 7 through 13** amend AS 38.05.065 by making housekeeping amendments clarifying the bidding process for sale of state lands, requiring an earnest money deposit, increasing the term of a contract for sale, and granting the state greater discretion in determining whether to construct access roads. Sections 19 - 20 increase the term of a contract for sale of state land. Sections 21-24 remove confusing foreclosure language. Section 25 adds 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 14** 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. This proposed program requires the increase to the LDIF cap proposed in Section 12 of this bill, or a greater appropriation out of the General Fund.

**Sections 15 through 17** amend AS 38.05.321 to update requirements for perpetual covenants for conveyances of state land classified as agricultural land. These provisions adjust the size and number of parcels that can be subdivided and sold, change the commissioner's ability to limit the use of the parcel, and add 'storage and sale' to the definition of 'agricultural purposes' in order to broaden the acceptable uses of agricultural land.

**Section 18** amends AS 38.05.965 by adding a new paragraph (29) to define "public auction."

**Section 19** repeals all recreation rivers statutes, allowing those lands to be managed and disposed of consistent with other statutes:

- AS 41.23.400 (purposes)
- AS 41.23.410 (compatible activities)
- AS 41.23.420 (general management of recreation rivers and corridors)
- AS 41.23.430 (advisory board)
- AS 41.23.440 (management plan)
- AS 41.23.450 (management of municipal land)
- AS 41.23.460 (acquisition of additional land)
- AS 41.23.470 (application of public land laws)
- AS 41.23.480 (cooperative management agreements)
- AS 41.23.490 (limitation on establishment)
- AS 41.23.500 (establishment of recreation rivers and recreation river corridors (Alexander Creek State Recreation River, Kroto Creek and Moose Creek State Recreation River, Lake Creek State Recreation River, Little Susitna State Recreation River, Talachulitna State Recreation River, and Talkeetna State Recreation River)).
- AS 41.23.510 (definition)

**Section 20** repeals an uncodified section of the recreation rivers statutes, Section 1, ch. 122, SLA 1988.

**Section 21** adds a section to the uncodified law to read: “TRANSITION: REGULATIONS. The commissioner may adopt or amend regulations as necessary to implement the changes made by this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the effective date of the law implemented by the regulations.

**Section 22** states the act takes effect immediately.