

# Alaska State Legislature

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## House Of Representatives

House District 33

House Bill 109

"An Act relating to the management and disposal of state land and resources; relating to certain remote parcel and homestead entry land purchase contracts and patents; and providing an effective date."

SPONSOR: Rep. Gene Therriault

### SPONSOR STATEMENT:

House Bill 109 is a housekeeping measure intended primarily to clarify certain Title 38 statutes governing the Department of Natural Resources' management of state land and resources. This bill is intended to bring greater efficiency to the management of state lands by simplifying programs and reducing costs to DNR.

Some highlights of HB 109 include:

- rewrite of the "remote cabin permit program" to a program that would allow for either the sale or lease of land for a remote cabin site. The permit program was never implemented because of the associated administrative costs with only a minimal return to the state.
- Clarifies that the sale of state land does not obligate the state to provide additional services.
- Simplifies the methods to receive a homestead parcel title by requiring that within five years, a parcel must be lived on for 25 months or purchased at fair market value.

Although HB 109 is not intended to be a complete rewrite of Title 38, I believe it is a positive step in the effort to streamline state government.

- 16 deletes the personal-appearance requirement for land auctions, allowing bidders to be represented by an agent. (AS 38.05.055)  
(personal appearance requirement found unconstitutional)
- 17 along with repealer, deletes the requirement that purchasers appear in person at land lotteries and pay the down payment on the spot. Instead, they would have 30 days to make the payment. It also drops language about consulting with the local assessor to determine land values, which is unnecessary because AS 38.05.840 requires a formal appraisal before the land can be offered for sale. (AS 38.05.057(a), plus repeal of (g))
- 18- repeals the current system for sale contract interest rates that relies on the old Federal Land Bank's  
19 "prevailing" rate. (The Federal Land Bank's successor now uses many different rate systems with multiple variables, rather than a single prevailing rate.) It would also change the point at which the rate is determined, solving the problem of the rate changing after the contract is mailed out for signature but before both parties have signed. (State land sale contracts are not signed in a face-to-face closing ceremony.) Sec. 18 would also let contracts for auction parcels be issued for less than 20 years, as already allowed for lottery parcels. (AS 38.05.065(a)-(b).)
- 20 replaces the old Federal Land Bank interest rate with a new system for state land sale contracts. Interest would be based on the prime rate, the widely quoted market rate used for a bank's most credit-worthy corporate loan customers. A four percent add-on would adjust for the unique circumstances of state land sale contracts, which do not involve any credit check. The total would be capped at 9.5% for agricultural use contracts and 13.5% for other contracts. The rate would be computed monthly and would apply to all contracts prepared that month. (AS 38.05.065(i))
- 21 corrects a 1984 error, restoring the original intent of the veterans' preference auction law. It clarifies that although that law does not apply to the lottery, homesite, or homestead programs, a veterans' preference auction must be held before restricted residential lots can be sold at auction to the general public. A combination of amendments in 1984 had made veterans' preference sales inapplicable to all subdivision sales. (AS 38.05.067(d))
- 22 updates the agricultural preference right law (see Sec. 21) by defining the term "adjacent," instead of "approximate vicinity." The latter was removed from the body of the law in 1984. (AS 38.05.069(e)(2))
- 23 updates programs exempt from the general standard that state land leases must be offered at auction. It removes a reference to remote cabin permits (repealed by this bill), and substitutes a reference to remote cabin site recreational leases (enacted by Sec. 27 of this bill) (38.05.075(a))
- 24 rewrites the aquatic farm site law to let standard state leasing laws be used. Sites could be offered directly at auction or by negotiated lease, rather than first being developed under a three-year permit process. As with other types of land disposals and leases, public hearings on the leasing decision would be held as needed, but would not be mandatory. (AS 38.05.083, plus repealers of AS 38.05.855, AS 38.05.856, AS 38.05.946(b))
- 25 modernizes requirements to restore surface lease sites after lease termination, protecting the state against liability and high cleanup costs. Because other provisions of AS 38 apply this leasing statute to terminated homesites, homesteads, remote cabin sites, etc., special measures of the existing AS 38.05.090 would be retained to compensate individuals for authorized private residential improvements that are not removed from the site and are worth more than \$10,000 net value. (AS 38.05.090)
- 26 conforming amendment needed due to repeal of 38.05.040 bonding requirement for the director of the statutory Alaska Division of Lands) would be repealed by Sec. of this bill. (AS 38.05.131(a))
- 27 creates a remote recreational cabin site lease/sale program for land disposals in remote, lightly populated areas. At any time during a total term of ten years, the lessee could purchase the site after getting it appraised and surveyed, just as in the former "open-to-entry" and "remote parcel" programs (repealed in 1979 and 1993 respectively). (AS 38.05.600)