



February 12, 2024

The Honorable Kevin McCabe, Chair
House Transportation Committee
Alaska State Capitol, Room 102
Juneau, Alaska 99801

RE: HB 282 State Land: Disposal/Sale/Lease/Restrict

Dear Representative McCabe,

Thank you for the opportunity to respond to questions the Department of Natural Resources received during the February 6, 2024, House Transportation hearing on HB 282 State Land: Disposal/Sale/Lease/Restrict. Please find the following responses below.

Question 1: Representative Vance asked about Section 13 of the bill which amends AS 38.05.065(h) relating to terms of contract of sale. The Representative noted that for a contract for the sale of land classified for agricultural purposes, the interest rate to be charged on installment payments may not exceed 9.5 percent.

As noted in the hearing by Division of Mining, Land and Water Chief of Operations Rachel Longacre, that interest rate is in the existing language of the statute and would not be amended by HB 282. Furthermore, 9.5 percent is lower than the interest rate for other types of lands which is 13.5 percent, according to AS 38.05.065(i):

(i) The interest rate for contracts under this section is the prime rate as reported in the Wall Street Journal on the first business day of the month in which the contract is sent to the purchaser for signature, plus three percent; however, the total rate of interest may not exceed

- (1) 9.5 percent, in contracts for the sale of land classified under AS 38.05.020(b)(6) for agricultural uses; or
- (2) 13.5 percent, in other contracts for the sale of land.

Question 2: Representative Vance asked if there is a definition for “commercial development.” As Division of Mining, Land and Water Chief of Operations Rachel Longacre noted during the hearing, there is not a definition for “commercial development” in HB 282. However, AS 38.05.964(8), defines “industrial and commercial land” as land chiefly valuable for industrial trade, manufacturing, or business use.

The newly proposed statute AS 38.05.086, relating to leases and sales of land for commercial development, would operate in tandem with federal “qualified opportunity zones.” According to the Internal Revenue Service (IRS)¹, a qualified opportunity zone (QOZ) is an economically distressed community where new investments, under certain conditions, may be eligible for preferential tax treatment. Localities qualify as QOZs if they were nominated for that designation by a state, the District of Columbia, or a U.S. territory and that nomination was certified by the Secretary of the U.S. Treasury via his delegation of authority to the IRS.

QOZs were added to the tax code by the Tax Cuts and Jobs Act on December 22, 2017. QOZs are an economic development tool—that is, they are designed to spur economic development and job creation in distressed communities.

Question 3: Representative Mina asked what lands owned by the Department of Transportation & Public Facilities (DOT&PF) and the Department Education and Early Development (DEED) would be impacted by the bill. Please find the attached property list from the Department of Education and Early Development. The Department of Transportation & Public Facilities does not have a consolidated inventory at this time. Questions about the extent of the applicability of the proposed repeal and reenactment of AS 35.20.070 may be referred to DOT&PF directly.

Please let us know if there are any further questions.

Sincerely,



Joe Byrnes
Legislative Liaison
Department of Natural Resources

CC: Laura Stidolph, Director, Governor’s Legislative Office
Andy Mills, Legislative Liaison, Department of Transportation & Public Facilities
Laurel Shoop, Legislative Liaison, Department of Education and Early Development

Enclosure

¹ <https://www.irs.gov/credits-deductions/opportunity-zones-frequently-asked-questions>

Department of Education & Early Development
Prepared by Finance & Support Services, Facilities
February 6, 2024

Dist. #	District	Site / School	Brief Legal Land Desc.	Approx. Acreage
7	Bering Strait Schools	Golovin BIA Elementary	A portion of Tract A, USS 2251 and a portion of Lot 6, Block 16, Tract A, USS 5038, and all of an unsurveyed area referred to on USS 2251 as the Fagerstrom Tract	0.5
7	Bering Strait Schools	Stebbins / Tukurngailnguq School	US Survey 2049 + 4241	3.3
21	Iditarod Area Schools	Grayling / David-Lewis Memorial	USS 4268	4.1
21	Iditarod Area Schools	Holy Cross School Site	USS 732 (Parcel A)	4.7
21	Iditarod Area Schools	Shageluk / Innoko River School	Portion of Lot 5, Block 4 and Lot 4 Block 9, USS 4493	1.85
21	Iditarod Area Schools	Telida School Site	w/in Lot 2, USS 7916	5
29	Kuspuk Schools	Lower Kalskag / Zackar Levi Elementary	Tract A, located within Lot 1, USS 4409	2.6
29	Kuspuk Schools	Stony River	Block 2, Tract A, USS 4490	3.18
29	Kuspuk Schools	Upper Kalskag / Joseph & Olinga Gregory Elementary (JOGES)	Block 9, USS 4413, containing	1.28
31	Lower Kuskokwim Schools	Mekoryuk / Nuniwaarmiut School	USS 4051 (portion)	4
31	Lower Kuskokwim Schools	Eek BIA Site	USS 2021	3.23
31	Lower Kuskokwim Schools	Kasigluk / Akiuk Memorial	Lot 1, USS 4048, 2.79 acres, plus .15 acre, totaling 2.94 acres.	3
31	Lower Kuskokwim Schools	Kwigillingok, BIA Site	USS 2042 & 4098	4.85
31	Lower Kuskokwim Schools	Newtok, BIA Site	USS 4042 Lot 1 Parcel A	2.9
31	Lower Kuskokwim Schools	Tuntutuliak BIA Site	USS 4410 (1.81ac., Sec. 16 & 21, T3N R 77W S.M.)	1.8
31	Lower Kuskokwim Schools	Tununak, BIA Site	USS 4054, Lot 2	3.55
32	Lower Yukon	Alakanuk BIA Site		4.8
32	Lower Yukon	Pilot Station BIA Site	Tract 1, Lot 1, USS 4011	1.55
40	Pribilof Islands Schools	St. Paul Island Site	USS 4393, Block 17, Lots 9,10,11,12, 13A, 13B ,14A, 14B, 15, Alaska Tract A	1.88
51	Yukon Flats Schools	Chalkyitsik School	Block 11, Tract A, USS 4496	3.6
98	Mt. Edgecumbe	MEHS Campus (Academic and Dorms; expansion lands and outdoor activities)	Lot 15 USS 1496, excluding ASLS 88-62; Tracts C & F ASLS 88-62, Plat 92-19; ASLS 97-63, Plat 98-18	50.3
LAM	Libraries, Archives, Museums	Sitka, Stratton Library	Lot 3 SJC; Plat 2009-8, Sitka RD	0.81
LAM	Libraries, Archives, Museums	Sitka, Sheldon Jackson Museum	Lot A, Sheldon Jackson Museum Subdivision, Plat 85-34	0.53
LAM	Libraries, Archives, Museums	Juneau, APK State Library, Archive, Museum	Lot 2, Block 67 (171sf); Lot 9, Block 66 (1.628 ac); Lot 12, Block 66 (1994 sf)	1.68