



Sectional Analysis

CS Senate Bill 199 (TRA) – State Land: Disposal/Sale/Lease/Restrict (33-GS2634\S)

Section 1 - Amends AS 14.07.030(a) pertaining to the powers and duties of the Department of Education and Early Development (DEED), allowing them to dispose of land directly to a private party rather than just to federal agencies, state agencies, and political subdivisions. Under current practice, DEED transfers land to the Department of Natural Resources (DNR) for disposal of the parcel in compliance with DNR's procedures detailed in AS 38, the Alaska Land Act.

Section 2 - Amends AS 19.30.080 pertaining to construction standards and maintenance of state access roads. The amendments allow for access roads constructed under AS 19.30.060-19.30.100 (pertaining to providing access to state land that is programmed for surface disposal, and to provide access roads at the lowest possible cost) to be of low standard and not necessarily suitable for all weather used. The amendments would clarify that where an access road to state land intended for disposal is constructed within the boundaries of a municipality, the right-of-way width must conform to the municipality's zoning requirements to the same extent as private landowners.

Section 3 - Repeals and reenacts AS 35.20.070 (vacating and disposing of land; rights in land), relating to Department of Transportation & Public Facilities (DOT&PF) authority to vacate or dispose of land. Currently, AS 35.20.070 only permits DOT&PF to transfer such land to DNR for disposal. The reenacted section would allow DOT&PF to dispose of land to a third party directly, according to the terms, standards, and conditions established by the DOT&PF commissioner. This amendment will streamline the disposal process and reduce multi-agency efforts. DOT&PF is required to offer land they have determined fit for disposal to DNR before they can dispose of the land themselves. DNR has 45 days to accept, reject, or ignore the offer. If the offer is not accepted within 45 days, DOT&PF may dispose of the land according to standards established by the DOT&PF commissioner.

Section 4 – Amends AS 37.05.146 relating to definition of program receipts and non-general fund program receipts. A new paragraph (c)(86) authorizes DNR to accept gifts, donations and grants to the department for the purpose of providing signage for an asset under the control of the department, in accordance with a memorandum of understanding agreed on by the donor and the department.

Section 5 - Amends AS 38.04.022 pertaining to the state land disposal income fund. Currently under subsection (a), the portion of the fund that exceeds \$5,000,000 must be deposited in the

state general fund. This bill would raise that amount to \$12,000,000. This would increase spending authority from the fund for higher development, multi-year projects. The increase would also offset inflation since the fund was established in 2000. The \$5 million cap has not been adjusted in nearly 25 years. This would be an adjustment to the funding cap, not an increase in appropriation. Under subsection (b), the department is granted discretion to request an increase of the deposit limit in its annual statutorily required report to the Legislature.

Section 6 - Amends AS 38.04.045(b) to remove long-term leases under AS 38.05.070 from the requirement to accomplish an official cadastral survey. Currently, AS 38.04.045, the statute relating to survey and subdivision, requires that a survey be completed for a long-term lease, which is defined in statute as a term over ten years.

Section 7 - Adds a new subsection (c) to AS 38.05.045 to provide that the DNR commissioner may require an official cadastral survey under .045(b) before the issuance of a long-term lease under AS 38.05.070.

Section 8 – Adds a new section AS 38.05.033 relating to gifts, donations, and grants to the department. DNR is authorized to accept gifts, donations and grants to the department for the purpose of providing signage for an asset under the control of the department, in accordance with a memorandum of understanding agreed on by the donor and the department.

Section 9 - Repeals and reenacts AS 38.05.055, which establishes public auction or sealed bid as the default methods for sale of state land. The re-enacted version divides this section into four subsections to improve readability. Each sealed bidder is required to submit an earnest money deposit of five percent of the bid amount, and bidders who fail to enter into a contract to purchase, or default in the payment of the bid amount, will forfeit the deposit.

Section 10 - Amends AS 38.05.065(a) to a longer term of 30 years. This longer term allows for lower monthly payments to better assist in higher value purchases.

Sections 11 – 14 - Amend AS 38.05.065(c), (d), (e), and (f) to replace the word “foreclosure” with “termination”. Foreclosures are an instrument of financial institutions rather than state agencies.

Sections 15 – 16 - Amend AS 38.05.065(h) for consistency pertaining to contracts for state land disposals. New subsections (j) and (k) require an earnest money deposit by persons applying to purchase land by means other than public auction or sealed bid. The earnest money requirement in cases of auction or bid is addressed in AS 38.05.055, as amended by the bill. The new subsections would apply a similar earnest money requirement to applicants for other methods of purchasing land under AS 38.05. The commissioner may, upon a best interest finding, determine that the purchase price for a parcel of land with existing improvements valued at greater than \$10,000 must be paid in full within 120 days of closing.

Section 17 - Amends AS 38.05 by adding a new section AS 38.05.086 pertaining to leases and sales of land for commercial development. The new statute supports commercial or industrial development of state land nominated and assessed by the state as appropriate for commercial

development. Land could also be nominated by the public. The statute includes a process for requesting proposals from prospective lessees, accepting bids, and then entering a contract to lease. This statute allows the lessee to apply to purchase the leased land at any time during the term of the lease if the department determines the lessee has used the land for commercial development consistent with their proposal. The new section also requires notice to Native Corporation stakeholders.

The DNR commissioner to prepare a report for each property deemed appropriate for commercial development that describes the municipal and state government services that the commissioner anticipates would be required and the municipal and state tax revenue that would be required to provide those services in the identified area, if the land is commercially developed.

Section 18 - Amends AS 38.05.321(d) to allow uses on conveyed agricultural land that are not inconsistent with and do not limit its use for agricultural purposes. Currently, AS 38.05.321(d) prohibits the commissioner of DNR from limiting use of such land for purposes incidental to and not inconsistent with agricultural purposes. This section would eliminate the requirement that uses be incidental to agricultural purposes.

Section 19 - Amends AS 38.05.965 to add the definition of “public auction” to expressly include online auctions in addition to oral outcry auctions.

Section 20 - Repeals AS 38.05.065(b), regarding the contract of sale for land sold under AS 38.05.057 and the terms of installment payments. This is a conforming amendment to account for the changes made under section 15 of the bill.

Section 21 – Provides an immediate effective date under AS 01.10.090(c).