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WHILE IN SESSION
STATE CAPITOL
120 4th St.
JUNEAU, AK 99801
(907) 465-4998

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WHILE IN ANCHORAGE
1500 W. Benson Blvd.
ANCHORAGE, AK 99503
(907) 269-0111

REPRESENTATIVE CLIFF GROH

HB 349 Sectional Analysis

Section 1: AS 38.05.075(a) states the commissioner of the department of natural resources may, after a public auction or sealed bid, enter the State into a lease agreement when they have demonstrated there is a competitive interest in the land and it is in state's best interest. This section adds AS 38.05.084 to this list of statutes that contain exceptions to this.

Section 2: Amends AS 38.05 to add a new section 38.05.084, which:

- (a) Enables the commissioner of natural resources to lease state land for renewable energy projects.
- (b) Requires a person seeking this lease to submit an application to the department including the specifics of the parcel of land they are seeking to lease, a detailed summary of the proposal for the how the land will be used, and additional information and requirements established by department regulations.
- (c) Requires the department to solicit competitive interest by issuing public notice.
- (d) Creates requirements for the department to act if there are multiple applications for the same piece of land.
- (e) Creates an initial lease term of 10 years to determine feasibility and research. Following this 10-year period, the lease is valid for the duration of commercial production of the renewable energy project. 20 years after commercial production begins and at 10-year intervals after, the commissioner may renegotiate the rentals and royalties due on the renewable energy project lease.
- (f) Requires the lessee to make progress toward developing or maintenance of the leased land to meet the renewable energy project purpose. The commissioner may terminate the lease if
 - (1) The leased land is not being used for the energy project,
 - (2) The lessee fails to meet the requirements of the lease.
- (g) Specifies that the lessee is not entitled to a preference right to purchase the leased land.
- (h) States that compensation for the lease:
 - (1) Shall maximize return to the state,
 - (2) Shall be separately accounted for,
 - (3) May be appropriated by the legislature
- (i) States that the AS 38.05.070 and 38.05.095 concerning subleasing apply in this section.
- (j) Requires the director, before entering into the lease, to
 - (1) Evaluate information received during the solicitation of the competitive bid and
 - (2) Find whether the proposal is in the best interest of the state, including
 - (A) Reasonably foreseeable effects on the state or local economy, including other resource utilization,
 - (B) Anticipated revenue to the state from the lease,

- (C) Assessment of known mineral potential,
 - (D) Potential monetary value to the state including other revenue to the state,
 - (E) A summary of public comments received.
- (k) If practical, requires state land leased for a renewable energy project to remain open for
- (1) access to hunting, fishing and other allowed public uses,
 - (2) resource development, including mining.
- (l) So long as it does not interfere with the renewable project, the state land must remain open to mineral exploration and development.
- (m) By February 1st of each year, the commissioner must prepare a report on lease agreements entered into and transmit that report to each body of the legislature. The report must contain
- (1) The number of leases
 - (2) A complete list of lease information including
 - (A) General description of the location of the lease;
 - (B) The date the lease was executed;
 - (C) Identity of each person on the lease;
 - (D) A summary of the project;
 - (E) Current status of the project;
 - (F) A summary of the compensation for the lease and an explanation of how that amount was determined;
 - (G) The identity of each individual having an ownership interest in an entity on the lease;
 - (3) A complete list of leases that expired or were terminated during the current or preceding fiscal year; and
 - (4) A description of the cumulative revenue received by the state from leases in the current year and previous year, and anticipated revenue in the next fiscal year.
- (n) The commission shall conduct research to identify state land suitable for renewable projects.

Section 3: Adds AS 38.05.084 to the exceptions for lessee preference.

Section 4: Amends AS 38.05.945(a) to include the new section of 38.05.84(c) in requiring notice to be given by the department for the solicitation of competitive interest.

Section 5: Amends uncodified law to so the sections of AS 38.05.075(a), AS 38.05.084(b), AS 38.05.102 and AS 38.05.945(a) amended by the bill apply to leases on or after the effective date.

Section 6: Provides for an immediate effective date.