

CS FOR HOUSE BILL NO. 543(TRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE TRANSPORTATION COMMITTEE

Offered: 4/9/96

Referred: Finance

Sponsor(s): HOUSE TRANSPORTATION COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing the procedures and conditions for lessees of state airport
2 and air navigational facility land, including holdover lessees, to receive a new
3 lease of the land; relating to the purposes for which a person, municipality, or
4 the federal government may use or improve state airport or air navigational
5 facilities under contract, lease, or other arrangement with the state; and relating
6 to the ownership of leasehold improvements made under an airport or air
7 navigational facility lease."

8 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

9 * **Section 1.** FINDINGS AND STATEMENT OF PURPOSE. (a) The legislature finds
10 that

11 (1) it often takes considerable commitment, time, and resources for a lessee
12 to establish a fully developed revenue-producing business or noncommercial enterprise on
13 leased land on an airport owned and operated by the state;

1 (2) a developed business by an airport lessee produces a stable long-term flow
2 of revenue to the local community and the state in the form of income from jobs created and
3 taxes paid;

4 (3) a developed business by an airport lessee usually has established a positive
5 reputation with its clientele that enhances future tourism and commerce in this state;

6 (4) a developed business by an airport lessee is better positioned to generate
7 more federal passenger entitlement money for the airport and the state;

8 (5) a developed business or noncommercial enterprise on an airport land lease
9 generally maximizes the use of the airport infrastructure, and this maximization makes the
10 airport's operation more economical; and

11 (6) providing a right and option to lessees of airport land to make the first
12 offer for a new lease of the land will encourage and enhance compliance with state law and
13 airport leases, and this compliance will benefit the overall operations of the state airport
14 system.

15 (b) It is the purpose of the legislature to create, for qualifying land lessees who are
16 in compliance with state law and airport leases, a right and option to make the first offer,
17 consistent with sound airport planning, to continue to lease the land in order to continue their
18 businesses and in order to promote a strong aviation industry in this state with long-term
19 benefits to local communities, the airports, and the state.

20 * **Sec. 2.** AS 02.15.090(a) is amended to read:

21 (a) In operating an airport or air navigation facility owned or controlled by the
22 state, the department may enter into contracts, leases, and other arrangements covering
23 periods not exceeding 55 years with a person, municipality, or the United States,
24 granting the privilege of using or improving an airport or air navigation facility or a
25 portion of it or space in it for commercial, governmental, or other public purposes,
26 including private aviation use [PLANE TIE DOWN]; or conferring the privilege of
27 supplying goods, commodities, services, or facilities at an airport or air navigation
28 facility. The department may establish the terms and conditions and fix the charges,
29 rentals, and fees for the privileges or services that are reasonable and uniform for the
30 same class of privilege or service. Charges, rentals, or fees authorized by this
31 subsection may be fixed for the international airports by order of the commissioner or

1 by negotiated or competitively offered contract. Notwithstanding AS 37.10.050(a), the
2 fixing of charges, rentals, or fees as permitted under this subsection is not subject to
3 the adoption of regulation provisions of AS 44.62 (Administrative Procedure Act).
4 The terms, conditions, charges, rentals, and fees shall be established with due regard
5 to the property and improvements used and the expense of operation to the state.
6 However, use of state land and buildings by the Alaska Wing, Civil Air Patrol and its
7 squadrons shall be permitted without rental charges. The department shall provide for
8 public notice and an opportunity to comment before a charge, rental, or fee is fixed
9 by order of the commissioner as permitted under this subsection. **Except as provided**
10 **in (c) of this section, the** [THE] public may not be deprived of its rightful, equal, and
11 uniform use of the airport, air navigation facility, or a portion of them.

12 * **Sec. 3.** AS 02.15.090 is amended by adding new subsections to read:

13 (c) The department shall offer the holder of an existing lease, including a
14 holdover lease, the right and option to make the first offer on a new lease for an
15 extended term within a reasonable period of time for the same land if the department
16 determines that

17 (1) the lessee was in compliance with the terms and conditions of the
18 expiring lease; and

19 (2) the continued use of the land is consistent with state law, sound
20 airport operations and policies, and is otherwise in the state's best interest.

21 (d) Under (c) of this section, the department shall make the offer not less than
22 180 days before the expiration of the existing lease, and the holder of the existing
23 lease shall respond to the department's offer not less than 90 days before the expiration
24 of the existing lease. In this subsection, "lease" does not include a holdover lease.

25 (e) All leases must include a provision that provides for the disposition of any
26 improvements made to the land at the expiration, termination, or cancellation of the
27 lease.