

**HOUSE BILL NO. 116**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES JAMES, Harris

Introduced: 2/26/99

Referred: Resources, Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the Board of Agriculture and Conservation, to the  
2 agricultural revolving loan fund, to the disposal of state agricultural land, and to  
3 the Alaska Natural Resource Conservation and Development Board; and providing  
4 for an effective date."

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

6 \* **Section 1.** AS 03 is amended by adding new sections to read:

7 **Chapter 09. Board of Agriculture and Conservation.**

8 **Sec. 03.09.010. Board of Agriculture and Conservation established.** (a)

9 There is established in the department the Board of Agriculture and Conservation. The  
10 board consists of seven members appointed by the governor. Members shall have the  
11 following qualifications:

12 (1) one member shall have general business or financial experience;

13 (2) one member shall be a member of a statewide agriculture promotion

14 organization;

1 (3) one member shall be a member of a statewide agriculture  
2 conservation organization;

3 (4) four members shall be engaged in commercial production  
4 agriculture, each shall represent a different agriculture enterprise from the others, such  
5 as livestock production, dairy, meat processing, vegetable production, grain production,  
6 horticultural production, and greenhouse and hydroponic production.

7 (b) Members of the board serve staggered three-year terms and until a  
8 successor is appointed. Members may be removed from office by the governor only  
9 for cause. If a vacancy occurs, the governor shall immediately appoint a member for  
10 the unexpired portion of the term.

11 (c) Members of the board receive \$100 compensation for each day spent on  
12 official business of the board and are entitled to per diem and travel expenses  
13 authorized for boards and commissions under AS 39.20.180.

14 **Sec. 03.09.020. Officers and employees.** (a) The Board of Agriculture and  
15 Conservation shall elect a member to serve as chair and a member to serve as vice-  
16 chair for one-year terms. A member may be reelected to serve additional terms as  
17 chair or vice-chair.

18 (b) The board may appoint a director, who may employ staff and who is  
19 responsible for the daily operations of the agricultural revolving loan fund  
20 (AS 03.10.040). The director and staff are in the exempt service under AS 39.25.110.

21 **Sec. 03.09.030. Meetings.** (a) A majority of the members of the Board of  
22 Agriculture and Conservation constitutes a quorum for the transaction of business or  
23 the exercise of a power or function at a meeting of the board.

24 (b) The board may adopt procedures for the conduct of meetings. The board  
25 shall keep minutes of each meeting and send a copy of the minutes to the  
26 commissioner and to the Legislative Budget and Audit Committee.

27 **Sec. 03.09.040. Regulations.** The Board of Agriculture and Conservation may  
28 adopt regulations under AS 44.62 (Administrative Procedure Act) to carry out its  
29 duties.

30 **Sec. 03.09.050. Agricultural land.** (a) The Board of Agriculture and  
31 Conservation may recommend to the commissioner that land in the land disposal bank

1 established under AS 38.04.020 be classified as suitable for agriculture. The board  
 2 may identify land for agricultural disposal and request the commissioner to provide for  
 3 the survey and disposal of the land or of agricultural rights in the land.

4 (b) Land designated for disposal for agricultural uses shall be disposed of by  
 5 the board in accordance with the requirements of AS 38.05.055 - 38.05.065, except  
 6 that the board shall carry out the duties of the commissioner and of the director of the  
 7 division of lands of the department under those sections to the extent those duties  
 8 apply to agricultural land. Proceeds from the disposals of agricultural land shall be  
 9 separately accounted for and may be appropriated to the agricultural revolving loan  
 10 fund (AS 03.10.040).

11 \* **Sec. 2.** AS 03.10.020(a) is amended to read:

12 (a) The **Board of Agriculture and Conservation (AS 03.09.010)**  
 13 [DEPARTMENT] may

14 (1) make a loan to

15 (A) an individual resident farmer, homesteader, or a partnership  
 16 or corporation composed of farmers and homesteaders for

17 (i) clearing land for agricultural purposes;

18 (ii) development of farms;

19 (iii) storage and processing of farm produce; or

20 (iv) the purchase of livestock or machinery;

21 (B) an individual state resident, or a partnership or corporation  
 22 for

23 (i) storage and processing plants for agricultural  
 24 products;

25 (ii) the commercial production or processing of  
 26 horticultural products in the state;

27 (iii) the commercial production or processing of animal  
 28 feed in the state; or

29 (iv) the raising or care of animals in the state for the  
 30 purpose of marketing their fur;

31 (2) designate agents and delegate its powers to them as necessary;

1 (3) adopt regulations necessary to carry out its functions, including  
 2 regulations to establish reasonable fees for services provided and charges for collecting  
 3 the fees;

4 (4) establish amortization plans for repayment of loans, which may  
 5 include delayed payments of principal and interest for not to exceed five years;

6 (5) enter into agreements with private lending institutions, other state  
 7 agencies or agencies of the federal government, to carry out the purposes of this  
 8 chapter;

9 (6) collect the fees and collection charges established under this  
 10 subsection.

11 \* **Sec. 3.** AS 03.10.030(a) is amended to read:

12 (a) The farm development, chattel, or irrigation loan made under this chapter

13 (1) may not exceed a term of 30 years, except that a chattel loan may  
 14 not exceed a term of seven years;

15 (2) may not, when added to the outstanding balance of other loans  
 16 made under this chapter, exceed a total outstanding balance of \$1,000,000;

17 (3) shall be secured by a real estate or chattel mortgage of any priority,  
 18 except that the portion of a loan that exceeds \$500,000, when added to prior  
 19 indebtedness that is secured by the same property, must be secured by a first mortgage;

20 (4) shall bear interest at a rate that may not be less than **five** [EIGHT]  
 21 percent or more than the commercial rate, unless the commercial rate is **five** [EIGHT]  
 22 percent or less; in this paragraph, "commercial rate" means the prevailing rate of  
 23 interest at private lending institutions in the state for loans similar to those referred to  
 24 in this subsection.

25 \* **Sec. 4.** AS 03.10.030(c) is amended to read:

26 (c) A **short-term** [SHORT TERM] loan, to be amortized within one year, not  
 27 to exceed \$350,000 to any one borrower may be made for operating purposes, except  
 28 that a loan made under this subsection may not exceed \$200,000 unless the loan is  
 29 made to a borrower in a farm disaster area declared under AS 03.10.058. An applicant  
 30 for a **short-term** [SHORT TERM] loan may be required to purchase insurance through  
 31 the Federal Crop Insurance Act (7 U.S.C. 1501 - 1520) as a condition of the loan.

1 The term of a loan made under this subsection may be extended for up to three years  
 2 by the **Board of Agriculture and Conservation** [AGRICULTURAL REVOLVING  
 3 LOAN FUND BOARD], in the discretion of the board, upon application by the  
 4 borrower.

5 \* **Sec. 5.** AS 03.10.030(e) is amended to read:

6 (e) An installment payment is delinquent unless it is mailed by the borrower  
 7 on or before the 30th day after the date specified for payment in the loan agreement  
 8 or unless it is received by the **Board of Agriculture and Conservation**  
 9 [DEPARTMENT] on or before the 30th day after the date specified for payment in the  
 10 loan agreement. If an installment payment is delinquent, the director of the **board**  
 11 [DIVISION OF AGRICULTURE OF THE DEPARTMENT] may assess a delinquency  
 12 penalty. The delinquency penalty shall be an amount equal to seven percent of the  
 13 delinquent payment, but the combined delinquency penalty and loan interest may not  
 14 exceed 15 percent.

15 \* **Sec. 6.** AS 03.10.030(f) is amended to read:

16 (f) A farm product processing loan may not exceed \$250,000. A mortgage  
 17 that secures a farm product processing loan may be of any priority if the total  
 18 indebtedness on the real estate, including the secured farm product processing loan,  
 19 does not exceed \$250,000. A farm product processing loan that, if made, would raise  
 20 the existing indebtedness on the real estate securing the loan above \$250,000, or a  
 21 farm product processing loan on real estate that has a prior indebtedness of \$250,000  
 22 or more, may be made only if all prior mortgagees agree to subordinate their  
 23 mortgages to that of the state for the amount of the farm product processing loan that  
 24 exceeds the \$250,000 indebtedness limit on the real estate. A farm product processing  
 25 loan may not exceed a term of 30 years or bear interest that is less than **five** [EIGHT]  
 26 percent a year and shall be secured by a real estate or chattel mortgage or both.

27 \* **Sec. 7.** AS 03.10.030(g) is amended to read:

- 28 (g) A loan for clearing land may not  
 29 (1) exceed \$250,000;  
 30 (2) bear interest that is less than **five** [EIGHT] percent;  
 31 (3) have a term in excess of 20 years; or

1 (4) be made for clearing land other than land that has been classified  
 2 by the United States Department of Agriculture, Soil Conservation Service, under the  
 3 Land Capability Classification System as having agricultural potential for the  
 4 production of annual crops or [,] hay, or for pasture.

5 \* **Sec. 8.** AS 03.10.030(h) is amended to read:

6 (h) The **Board of Agriculture and Conservation** [COMMISSIONER] shall  
 7 adopt regulations to establish other terms for loans made under this chapter, consistent  
 8 with the provisions of this section, and may establish interest rates for loans under  
 9 (a)(4) of this section that

10 (1) encourage agricultural development;

11 (2) do not subsidize nonviable agricultural enterprises; and

12 (3) do not discriminate against viable existing agricultural enterprises.

13 \* **Sec. 9.** AS 03.10.033(a) is amended to read:

14 (a) To increase the return to the state, the **Board of Agriculture and**  
 15 **Conservation** [AGRICULTURAL REVOLVING LOAN FUND BOARD] may  
 16 restructure loans **(1)** in existence on January 1, 1987, made by the **former**  
 17 **Agricultural Revolving Loan Fund Board** [BOARD] or by the **former** Alaska  
 18 Agricultural Action Council based upon guidelines approved by the **Board of**  
 19 **Agriculture and Conservation; or (2) of a borrower who has experienced three**  
 20 **years of agricultural disaster during the last five years as defined by regulations**  
 21 **adopted by the Board of Agriculture and Conservation** [BOARD]. The  
 22 restructuring may only include reduction of interest [TO RATES BELOW THOSE  
 23 SPECIFIED BY AS 03.10.030], an extension of the term of the loan, and an  
 24 improvement to the security interest of the state. It may not reduce the amount of  
 25 principal and interest owed before the loan is restructured.

26 \* **Sec. 10.** AS 03.10.033(c) is amended to read:

27 (c) Notwithstanding any other provision of this section, the **Board of**  
 28 **Agriculture and Conservation** [AGRICULTURAL REVOLVING LOAN FUND  
 29 BOARD] may approve an application for restructuring under this section only upon

30 (1) the applicant's written release of the state, including [THE  
 31 ALASKA AGRICULTURE ACTION COUNCIL, THE AGRICULTURAL

1 REVOLVING LOAN FUND, AND] the University of Alaska, from all potential  
 2 liability for actions and omissions occurring before the date of restructuring that relate  
 3 in any way to a state farm project, land sale, land sale relinquishment, farm loan, or  
 4 loan application or loan modification application, whether granted or denied by the  
 5 state; and

6 (2) assignment by the applicant to the board of the proceeds from the  
 7 federal government under 7 U.S.C. 1442 (Conservation Reserve Program) and P.L. 88-  
 8 26 (Feed Grain Act of 1963), as amended.

9 \* **Sec. 11.** AS 03.10.035(a) is amended to read:

10 (a) A borrower may not use farm land for a **nonfarm** [NON-FARM] use or  
 11 sell, lease, or otherwise dispose of farm land if that land is encumbered by a mortgage  
 12 given to secure the payment of a farm development, chattel, or irrigation system loan  
 13 under this chapter unless the borrower either

14 (1) pays the outstanding balance of the loan in a lump sum or under  
 15 other terms agreed to by the **Board of Agriculture and Conservation**  
 16 [COMMISSIONER] that accelerate payment of the loan; or

17 (2) pays the outstanding principal balance for the remaining term of the  
 18 loan at the prevailing rate of interest that is charged by commercial banks in the state  
 19 during the calendar quarter in which the **board** [DEPARTMENT] receives notice of  
 20 the change of use, sale, lease, or other disposal of the farm land.

21 \* **Sec. 12.** AS 03.10.040(b) is amended to read:

22 (b) Money in the fund may be used by the legislature to make appropriations  
 23 for costs of administering this chapter **and for operations of the Board of**  
 24 **Agriculture and Conservation.**

25 \* **Sec. 13.** AS 03.10.050(a) is amended to read:

26 (a) The **Board of Agriculture and Conservation** [COMMISSIONER] shall  
 27 administer the **agricultural revolving** loan fund [IN CONJUNCTION WITH THE  
 28 AGRICULTURAL REVOLVING LOAN FUND BOARD]. **A** [NO] loan [IN EXCESS  
 29 OF \$25,000] may **not** be made [BY THE COMMISSIONER] without the approval of  
 30 a majority of the board, **except that emergency loans not to exceed \$50,000 may be**  
 31 **made upon the approval, by majority vote, of a committee composed of a chair**

1 of the board, the director of the division of agriculture, and an employee of the  
 2 board who is a loan officer selected by the board to serve on the committee.

3 \* **Sec. 14.** AS 03.10.050(c) is amended to read:

4 (c) A meeting of the [AGRICULTURAL REVOLVING LOAN FUND] board  
 5 to act on applications for loans is exempt from the public meeting requirements of  
 6 AS 44.62.310.

7 \* **Sec. 15.** AS 03.10.050(e) is amended to read:

8 (e) To encourage the prompt payment of loans, the **board** [DEPARTMENT]  
 9 may establish a program of credits for persons who have a loan from the agricultural  
 10 revolving loan fund and maintain good financial standing. The credits may be applied  
 11 against no more than two percentage points a year of the interest due on agricultural  
 12 revolving loan fund loans.

13 \* **Sec. 16.** AS 03.10.050(g) is amended to read:

14 (g) The **board** [DIRECTOR OF AGRICULTURE] may dispose of property  
 15 **it acquires** [ACQUIRED BY THE AGRICULTURAL REVOLVING LOAN FUND  
 16 BOARD OR BY THE COMMISSIONER] through foreclosure, default, or other action  
 17 arising out of agricultural loans or the sale of agricultural land. Disposals shall be  
 18 conducted under regulations approved by the commissioner. The regulations must  
 19 ensure that the property is disposed of so as to maximize the return to the state and  
 20 must require that the parcels of land that are composed primarily of cropland soils be  
 21 restricted to agricultural uses and disposed of only to persons who are residents of the  
 22 state. **Money from property disposed of under this subsection shall be separately**  
 23 **accounted for and may be appropriated to the agricultural revolving loan fund.**

24 \* **Sec. 17.** AS 38.04.020(g) is amended to read:

25 (g) After July 1 of each year, the commissioner shall direct the expenditure of  
 26 money appropriated for the disposal of land in response to requests made under (e) and  
 27 (f) of this section for the following:

28 (1) **land** [LAND] designated as suitable for homestead disposal shall  
 29 be classified and surveyed under this chapter and AS 38.05 and made available for  
 30 staking and lease under AS 38.09; [.]

31 (2) **land** [LAND] designated as suitable for subdivision and homesite

1 disposal shall be surveyed, subdivided, classified, and disposed of under this chapter,  
2 AS 38.05, and AS 38.08; [.]

3 (3) **land** [LAND] designated [AGRICULTURAL,] commercial,  
4 industrial, or suitable for other disposal shall be sold under AS 38.05.055 or 38.05.057;

5 **(4) land designated agricultural shall be disposed of by the Board**  
6 **of Agriculture and Conservation (AS 03.09.010) in accordance with AS 38.05.055 -**  
7 **38.05.065, except the board shall carry out the duties of the commissioner or the**  
8 **director under those sections.**

9 \* **Sec. 18.** AS 38.04.030 is amended to read:

10 **Sec. 38.04.030. Land availability programs.** Programs that may be used by  
11 the director to make the state's land surface available for private use under  
12 AS 38.04.020 - 38.04.055 include sale of whole or partial rights to the fee simple  
13 estate, including conveyance of agricultural use rights **by the Board of Agriculture**  
14 **and Conservation**; leasing; open-to-entry; homesiting; homesteading; permitting for  
15 construction and occupation of cabins in isolated locations on land retained in state  
16 ownership; and other methods as provided by law.

17 \* **Sec. 19.** AS 38.05.020(b)(7) is amended to read:

18 (7) **permit the Board of Agriculture and Conservation**  
19 **(AS 03.09.010) to** waive, postpone, or otherwise modify the development requirements  
20 of a contract for the sale of agricultural land if

21 (A) the land is inaccessible by road; or

22 (B) transportation, marketing, and development costs render the  
23 required development uneconomic;

24 \* **Sec. 20.** AS 38.05.035(a)(7) is amended to read:

25 (7) have jurisdiction over state land, except that land acquired by the  
26 Alaska World War II Veterans Board and the Agricultural Loan Board or the  
27 departments or agencies succeeding to their respective functions through foreclosure  
28 or default; to this end the director possesses the powers and, with the approval of the  
29 commissioner **and, with respect to agricultural land, the Board of Agriculture and**  
30 **Conservation**, shall perform the duties necessary to protect the state's rights and  
31 interest in state land, including the taking of all necessary action to protect and enforce

1 the state's contractual or other property rights;

2 \* **Sec. 21.** AS 38.05.057(c) is amended to read:

3 (c) The **Board of Agriculture and Conservation (AS 03.09.010)**  
 4 [COMMISSIONER] may adopt regulations under the Administrative Procedure Act  
 5 (AS 44.62) **that** [WHICH] specify qualifications for lottery participants different from  
 6 those specified in (b) of this section if

7 (1) an interest in land limited to agricultural purposes is to be sold  
 8 under (a) of this section;

9 (2) the sale is a part of a program to develop agricultural land as a  
 10 renewable resource of the state; and

11 (3) the regulations include residency, skill, experience, and financial  
 12 requirements necessary to qualify persons who are competent and financially able to  
 13 develop the land as a successful agricultural enterprise.

14 \* **Sec. 22.** AS 38.05.059 is amended to read:

15 **Sec. 38.05.059. Sale of agricultural land.** The **Board of Agriculture and**  
 16 **Conservation (AS 03.09.010)** [COMMISSIONER] may provide for the sale of land  
 17 classified under AS 38.05.020(b)(6) for agricultural uses in parcels or tracts described  
 18 by aliquot parts. The parcels or tracts are subject to state subdivision requirements and  
 19 municipal ordinances.

20 \* **Sec. 23.** AS 38.05.065(h) is amended to read:

21 (h) The **Board of Agriculture and Conservation (AS 03.09.010)**  
 22 [COMMISSIONER]

23 (1) shall provide that, notwithstanding (a) and (b) of this section, in a  
 24 contract for the sale of land classified under AS 38.05.020(b)(6) for agricultural uses,  
 25 the interest rate to be charged on installment payments may not exceed 9.5 percent;  
 26 and

27 (2) may declare a moratorium of up to five years on payments on land  
 28 sold under this section for land classified under AS 38.05.020(b)(6) for agricultural  
 29 uses if

30 (A) the **board** [COMMISSIONER] determines that the  
 31 moratorium is in the best interest of the state;

1 (B) the **board** [COMMISSIONER] certifies and the contract  
 2 purchaser agrees to perform farm development, crop production, and harvesting,  
 3 not including land clearing or related activity, requiring the expenditure of  
 4 amounts equivalent to the payments that would otherwise be made during the  
 5 moratorium;

6 (C) the sale of the agricultural land takes place after July 1,  
 7 1979; and

8 (D) the contract purchaser is in compliance with the  
 9 development plan specified in the purchase contract at the time the purchaser  
 10 applies for a moratorium under this subsection and remains in compliance with  
 11 the development plan during the moratorium; for the payments subject to the  
 12 moratorium declared under this paragraph, interest payments are subject to the  
 13 moratorium but interest continues to accrue during the moratorium.

14 \* **Sec. 24.** AS 38.05.069(a) is amended to read:

15 (a) On a determination **by the commissioner** that the highest and best use of  
 16 unoccupied land is for agricultural purposes and that it is in the best interests of the  
 17 state to sell or lease the land, the **Board of Agriculture and Conservation**  
 18 **(AS 03.09.010)** [COMMISSIONER] shall grant to an **Alaska** [ALASKAN] resident  
 19 owning and using or leasing and using land for agricultural purposes a first option at  
 20 the auction to purchase or lease the unoccupied land situated adjacent to land presently  
 21 held by the **Alaska** [ALASKAN] resident for the amount of the high bid received at  
 22 public auction. If more than one **Alaska** [ALASKAN] resident qualifies for a first  
 23 option under this section, eligibility for the first option shall be determined by lot and  
 24 the option must be exercised on the conclusion of the public auction. A parcel of  
 25 agricultural land sold under this section may not be less than 20 acres, and a parcel of  
 26 agricultural land that is acquired by exercise of the option granted in this subsection  
 27 may not exceed 320 acres. Agricultural land that is acquired under this section must  
 28 be used for agricultural purposes as required by law.

29 \* **Sec. 25.** AS 38.05.069(c) is amended to read:

30 (c) Under this section,

31 (1) the **Board of Agriculture and Conservation** [DIRECTOR] may

1 transfer state land classified for agriculture only for agricultural purposes;

2 (2) the sale or lease shall be at public auction.

3 \* **Sec. 26.** AS 38.05.321(a) is amended to read:

4 (a) The **Board of Agriculture and Conservation (AS 03.09.010)**  
5 [DEPARTMENT] shall include in a document that conveys state land classified as  
6 agricultural land

7 (1) a perpetual covenant for the benefit of all Alaska residents and  
8 running with the land that restricts or limits the use of the land for agricultural  
9 purposes; and

10 (2) one of the following, as appropriate:

11 (A) a perpetual covenant for the benefit of all Alaska residents  
12 and running with the land permitting the owner of land that had been obtained  
13 under homestead entry to subdivide and convey the land in parcels of not less  
14 than 40 acres each; or

15 (B) a perpetual covenant for the benefit of all Alaska residents  
16 and running with the land permitting the owner of land that had been obtained  
17 by purchase to subdivide and convey not more than four parcels of the land of  
18 not less than 40 acres each, subject to the restriction that a subdivided parcel  
19 may not be further subdivided.

20 \* **Sec. 27.** AS 38.05.321(d) is amended to read:

21 (d) For state land classified as agricultural land that is conveyed under (a) of  
22 this section,

23 (1) the **Board of Agriculture and Conservation** [COMMISSIONER]  
24 may require the landowner to cooperate with the appropriate soil and water  
25 conservation district under AS 41.10 in the development and implementation of soil  
26 conservation plans as authorized by AS 41.10.110(6);

27 (2) as a condition of the conveyance, the **board** [COMMISSIONER]  
28 may not require preparation and implementation of a schedule of planned agricultural  
29 development or a farm development plan specified in a land purchase contract unless  
30 the **board** [COMMISSIONER] permits modification of a plan in cases of economic  
31 hardship or other extenuating circumstances;

1 (3) the **board** [COMMISSIONER] may not

2 (A) limit the right of the landowner to use the land and  
3 improvements for purposes that are incidental to and not inconsistent with the  
4 primary use of the land for agricultural purposes;

5 (B) except as provided by (i) of this section, limit the right of  
6 a landowner to construct housing for the landowner and farm laborers, to  
7 construct improvements for animals, or to construct improvements that are  
8 reasonably required for or related to agricultural use on the original parcel and  
9 on additional subdivided parcels, not to exceed the limits and restrictions set  
10 by (a)(2) of this section; and

11 (C) limit the right of the landowner to subdivide and convey the  
12 land if the resulting parcels are not in violation of the limits and restrictions set  
13 out in (a)(2) of this section.

14 \* **Sec. 28.** AS 38.05.321(e) is amended to read:

15 (e) A landowner may subdivide land classified for agricultural use and for  
16 which the landowner obtained a patent under a homestead entry permit issued under  
17 AS 38.09 so long as the resulting parcels are not in violation of the minimum parcel  
18 size set out in (a) of this section. A landowner may subdivide other land classified for  
19 agricultural use as authorized under (d)(3)(C) of this section. If the subdivision  
20 involves land classified for agricultural use and for which the landowner obtained a  
21 patent under a homestead entry permit issued under AS 38.09, or if the subdivision of  
22 land authorized under (d)(3)(C) of this section results only in parcels of 640 acres or  
23 more, the landowner may subdivide without payment as required by this subsection.  
24 If subdivision of land authorized by (d)(3)(C) of this section would result in one or  
25 more parcels of less than 640 acres, the landowner may subdivide only if the  
26 landowner first tenders payment to the **Board of Agriculture and Conservation**  
27 [DEPARTMENT] for the right to construct housing in each subdivided parcel of less  
28 than 640 acres. **Payments collected under this subsection shall be separately**  
29 **accounted for and may be appropriated to the agricultural revolving loan fund**  
30 **(AS 03.10.040).** For purposes of this subsection, the value of the right to construct  
31 housing in a subdivided parcel

1 (1) is \$4,000 for the parcel, subject to adjustment under (h) of this  
2 section; or

3 (2) shall be determined by an appraisal made by an appraiser under  
4 contract to the landowner owning the parcel, and the appraisal must include the value,  
5 determined as of the date of subdivision, of the right to construct housing by the  
6 landowner under (d)(3) of this section.

7 \* **Sec. 29.** AS 38.05.321(f) is amended to read:

8 (f) Notwithstanding (e) of this section, the landowner is not required to pay  
9 an amount due under (e) of this section until the subdivided parcel is conveyed by the  
10 owner to a person not a member of the person's immediate family. The **board**  
11 [DEPARTMENT] has a lien on the parcel as security for payment of the amount due.  
12 For purposes of this subsection, "immediate family" means

13 (1) the spouse of the person; or

14 (2) a parent, child, including a stepchild and an adoptive child, or  
15 sibling of the person if the parent, child, or sibling resides with the person, is  
16 financially dependent on the person, or shares a substantial financial interest with the  
17 person.

18 \* **Sec. 30.** AS 38.07.010(b) is amended to read:

19 (b) The land **that is** [THUS] cleared or drained **under (a) of this section** shall  
20 be put up for competitive lease **by the Board of Agriculture and Conservation**  
21 **(AS 03.09.010)** in lots of not less than 320 acres each. **Lease payments shall be**  
22 **separately accounted for and may be appropriated to the agricultural revolving**  
23 **loan fund (AS 03.10.040).**

24 \* **Sec. 31.** AS 38.09.010(a) is amended to read:

25 (a) The commissioner shall designate and make available for homestead entry  
26 state land, including land classified for agricultural use **that may be disposed of by**  
27 **the Board of Agriculture and Conservation (AS 03.09.010).** State land made  
28 available for homestead entry under this chapter shall be distributed throughout the  
29 state.

30 \* **Sec. 32.** AS 38.09.010(b) is amended to read:

31 (b) The commissioner shall complete a rectangular survey grid of homestead

1 entry state land under AS 38.04.045 before disposing of state land for homestead entry  
 2 **or authorizing the Board of Agriculture and Conservation to dispose of it.** A  
 3 homestead entry parcel shall be established in aliquot parts of a surveyed section or  
 4 as lots or tracts that are fractions of aliquot parts of a surveyed section. The  
 5 commissioner shall ensure practical access to each homestead entry parcel but the  
 6 commissioner may waive the rectangular survey grid if no more than one conveyance  
 7 is made for each section within a township.

8 \* **Sec. 33.** AS 38.09.010(c) is amended to read:

9 (c) Notice of the designation and offering of land for homestead entry shall be  
 10 given by the commissioner under AS 38.05.945 **or by the Board of Agriculture and**  
 11 **Conservation in a manner that complies with AS 38.05.945.**

12 \* **Sec. 34.** AS 39.25.110 is amended by adding a new paragraph to read:

13 (34) the director and staff of the Board of Agriculture and  
 14 Conservation.

15 \* **Sec. 35.** AS 39.50.200(b) is amended by adding a new paragraph to read:

16 (56) Board of Agriculture and Conservation (AS 03.09.010).

17 \* **Sec. 36.** AS 41.10.140(1) is amended to read:

18 (1) "board" means the **Board of Agriculture and Conservation**  
 19 **(AS 03.09.010)** [ALASKA NATURAL RESOURCE CONSERVATION AND  
 20 DEVELOPMENT BOARD];

21 \* **Sec. 37.** AS 03.10.050(b), 03.10.050(d), 03.10.052; AS 38.05.035(b)(6);  
 22 AS 39.50.200(b)(1); AS 41.10.040, 41.10.045, 41.10.050, 41.10.060, 41.10.070, 41.10.080,  
 23 41.10.090, and 41.10.100(b)(4) are repealed.

24 \* **Sec. 38.** TRANSITION. Notwithstanding AS 03.09.010(b), enacted in sec. 1 of this Act,  
 25 two initial members of the Board of Agriculture and Conservation shall be appointed to one-  
 26 year terms and two initial members of the board shall be appointed to two-year terms.  
 27 Notwithstanding AS 03.09.040, enacted in sec. 1 of this Act, AS 03.10.020(a), as amended  
 28 in sec. 2 of this Act, AS 03.10.030(h), as amended in sec. 8 of this Act, and AS 03.10.033(a),  
 29 as amended in sec. 9 of this Act, regulations that apply to the agricultural revolving loan fund  
 30 and to loans from the fund remain in effect until amended or repealed by the Board of  
 31 Agriculture and Conservation.

**1** \* **Sec. 39.** This Act takes effect July 1, 1999.