

CS FOR HOUSE BILL NO. 116(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 3/28/00

Referred: Today's Calendar

Sponsor(s): REPRESENTATIVES JAMES, Harris

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the Board of Agriculture and Conservation, to the director
2 of agriculture, to the agricultural revolving loan fund and to loans from the fund,
3 to the disposal of interests in state agricultural land; and providing for an
4 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 the commissioner and seven members appointed by the governor.
11 Appointed members shall have the 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 soil and water conservation
2 district established under AS 41.10.130(a) who is also engaged in commercial
3 production agriculture;

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

8 (b) Appointed members of the board serve staggered three-year terms and until
9 a successor is appointed. An appointed member may be removed from office by the
10 governor if the governor first provides a written statement of the reasons for removal
11 to the member and makes the statement available to the public. If a vacancy occurs,
12 the governor shall immediately appoint a member for the unexpired portion of the
13 term.

14 (c) Appointed members of the board receive no compensation, but are entitled
15 to per diem and travel expenses authorized for boards and commissions under
16 AS 39.20.180.

17 (d) While serving on the board and for one year after leaving that office, a
18 board member, or an immediate family member of the board member, may not obtain
19 a lease, permit, installment contract, or loan or purchase land under AS 03.10 or under
20 AS 38.05, or have an existing lease, permit, installment contract, or loan under
21 AS 03.10 or under AS 38.05 modified or restructured. Notwithstanding
22 AS 39.52.150(a), a person may be appointed to the board even though, at the time of
23 appointment, that person, or an immediate family member, has a lease, permit,
24 installment contract, or loan under AS 03.10 or AS 38.05. However, that person may
25 not take or withhold any official action that affects the lease, permit, installment
26 contract, or loan. If a person with a lease, permit, installment contract, or loan under
27 AS 03.10 or AS 38.05 is appointed to the board, failure by that person to abide by all
28 the terms and conditions of the lease, permit, installment contract, or loan may be the
29 basis for removal under (b) of this section. For purposes of this subsection,
30 "immediate family member" and "official action" have the meanings given in
31 AS 39.52.960.

1 (e) The board shall elect a member to serve as chair and a member to serve
 2 as vice-chair for one-year terms. A member may be reelected to serve additional terms
 3 as chair or vice-chair.

4 **Sec. 03.09.020. Director of agriculture and staff.** (a) The director of the
 5 division of agriculture of the department shall serve as the director of the Board of
 6 Agriculture and Conservation. The director may employ staff and, as directed by the
 7 board, is responsible for the daily operations of the agricultural revolving loan fund
 8 (AS 03.10.040).

9 (b) The director of agriculture shall be appointed to the partially exempt
 10 service by the commissioner from a list of two or more candidates submitted by the
 11 board. The commissioner may reject all candidates, in which case the board shall
 12 submit a new list. The director may be removed by the commissioner at any time, and
 13 the office shall remain vacant until a new director is appointed under this subsection.

14 **Sec. 03.09.030. Quorum.** Five members of the Board of Agriculture and
 15 Conservation constitute a quorum for the transaction of business or the exercise of a
 16 power or function at a meeting of the board.

17 **Sec. 03.09.040. Regulations.** (a) The Board of Agriculture and Conservation
 18 may adopt regulations under AS 44.62 (Administrative Procedure Act) to carry out its
 19 duties.

20 (b) The board may, by regulation, classify loan and marketing information and
 21 make some classes of loan or marketing information confidential.

22 **Sec. 03.09.050. Agricultural land.** The Board of Agriculture and
 23 Conservation may recommend to the commissioner that land in the land disposal bank
 24 established under AS 38.04.020 be classified as suitable for agriculture. The board
 25 may identify state land for agricultural disposal and request the commissioner to
 26 provide for the survey and disposal of the land.

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

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

30 (1) make a loan to

31 (A) an individual resident farmer, homesteader, or a partnership

- 1 or corporation composed of farmers and homesteaders for
- 2 (i) clearing land for agricultural purposes;
- 3 (ii) development of farms;
- 4 (iii) storage and processing of farm produce; or
- 5 (iv) the purchase of livestock or machinery;
- 6 (B) an individual state resident, or a partnership or corporation
- 7 for
- 8 (i) storage and processing plants for agricultural
- 9 products;
- 10 (ii) the commercial production or processing of
- 11 horticultural products in the state;
- 12 (iii) the commercial production or processing of animal
- 13 feed in the state; or
- 14 (iv) the raising or care of animals in the state for the
- 15 purpose of marketing their fur;
- 16 (2) designate agents and delegate its powers to them as necessary;
- 17 (3) adopt regulations necessary to carry out its functions, including
- 18 regulations to establish reasonable fees for services provided and charges for collecting
- 19 the fees;
- 20 (4) establish amortization plans for repayment of loans, which may
- 21 include delayed payments of principal and interest for not to exceed five years;
- 22 (5) enter into agreements with private lending institutions, other state
- 23 agencies or agencies of the federal government, to carry out the purposes of this
- 24 chapter;
- 25 (6) collect the fees and collection charges established under this
- 26 subsection.

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

- 28 (a) The farm development, chattel, or irrigation loan made under this chapter
- 29 (1) may not exceed a term of 30 years, except that a chattel loan may
- 30 not exceed a term of seven years;
- 31 (2) may not, when added to the outstanding balance of other loans

1 made under this chapter, exceed a total outstanding balance of \$1,000,000;

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

5 (4) shall bear interest at a **fixed** rate **comparable to that charged by**
6 **other agricultural** [THAT MAY NOT BE LESS THAN EIGHT PERCENT OR
7 MORE THAN THE COMMERCIAL RATE, UNLESS THE COMMERCIAL RATE
8 IS EIGHT PERCENT OR LESS; IN THIS PARAGRAPH, "COMMERCIAL RATE"
9 MEANS THE PREVAILING RATE OF INTEREST AT PRIVATE] lending
10 institutions in the state for loans similar to those referred to in this subsection.

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

12 (c) A **short-term** [SHORT TERM] loan, to be amortized within one year, not
13 to exceed \$350,000 to any one borrower may be made for operating purposes, except
14 that a loan made under this subsection may not exceed \$200,000 unless the loan is
15 made to a borrower in a farm disaster area declared under AS 03.10.058. **The loan**
16 **shall bear interest at a fixed rate comparable to that charged by other**
17 **agricultural lending institutions in the state for loans similar to those referred to**
18 **in this subsection.** An applicant for a **short-term** [SHORT TERM] loan may be
19 required to purchase insurance through the Federal Crop Insurance Act (7 U.S.C. 1501
20 - 1520) as a condition of the loan. The term of a loan made under this subsection may
21 be extended for up to three years by the **Board of Agriculture and Conservation**
22 [AGRICULTURAL REVOLVING LOAN FUND BOARD], in the discretion of the
23 board, upon application by the borrower.

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

25 (e) An installment payment is delinquent unless it is [MAILED BY THE
26 BORROWER ON OR BEFORE THE 30TH DAY AFTER THE DATE SPECIFIED
27 FOR PAYMENT IN THE LOAN AGREEMENT OR UNLESS IT IS] received by the
28 **Board of Agriculture and Conservation or the director of the board**
29 [DEPARTMENT] on or before the 30th day after the date specified for payment in the
30 loan agreement. If an installment payment is delinquent, the director of the **board**
31 [DIVISION OF AGRICULTURE OF THE DEPARTMENT] may assess a delinquency

1 penalty. [THE DELINQUENCY PENALTY SHALL BE AN AMOUNT EQUAL TO
 2 SEVEN PERCENT OF THE DELINQUENT PAYMENT, BUT THE COMBINED
 3 DELINQUENCY PENALTY AND LOAN INTEREST MAY NOT EXCEED 15
 4 PERCENT.]

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

6 (f) A farm product processing loan may not exceed \$250,000. A mortgage
 7 that secures a farm product processing loan may be of any priority if the total
 8 indebtedness on the real estate, including the secured farm product processing loan,
 9 does not exceed \$250,000. A farm product processing loan that, if made, would raise
 10 the existing indebtedness on the real estate securing the loan above \$250,000, or a
 11 farm product processing loan on real estate that has a prior indebtedness of \$250,000
 12 or more, may be made only if all prior mortgagees agree to subordinate their
 13 mortgages to that of the state for the amount of the farm product processing loan that
 14 exceeds the \$250,000 indebtedness limit on the real estate. A farm product processing
 15 loan may not exceed a term of 30 years or bear interest **at a rate** that is less than **a**
 16 **fixed rate comparable to that charged by other agricultural lending institutions**
 17 **in the state for similar loans,** [EIGHT PERCENT A YEAR] and shall be secured by
 18 a real estate or chattel mortgage or both.

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

20 (g) A loan for clearing land may not
 21 (1) exceed \$250,000;
 22 (2) bear interest **at a rate** that is less than **a fixed rate comparable to**
 23 **that charged by other agricultural lending institutions in the state for similar**
 24 **loans** [EIGHT PERCENT];
 25 (3) have a term in excess of 20 years; or
 26 (4) be made for clearing land other than land that has been classified
 27 by the United States Department of Agriculture, **Natural Resource** [SOIL]
 28 Conservation Service, under the Land Capability Classification System as having
 29 agricultural potential for the production of annual crops **or** [,] hay, or for pasture.

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

31 (h) The **Board of Agriculture and Conservation** [COMMISSIONER] shall

1 adopt regulations to establish other terms for loans made under this chapter, consistent
 2 with the provisions of this section, and may establish interest rates for loans under
 3 (a)(4) of this section that

4 (1) encourage agricultural development;

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

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

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

8 (a) To increase the return to the state, the **Board of Agriculture and**
 9 **Conservation** [AGRICULTURAL REVOLVING LOAN FUND BOARD] may
 10 restructure loans **(1)** in existence on January 1, 1987, made by the **former**
 11 **Agricultural Revolving Loan Fund Board** [BOARD] or by the **former** Alaska
 12 Agricultural Action Council based upon guidelines approved by the **Board of**
 13 **Agriculture and Conservation; (2) of a borrower in an area that has been**
 14 **declared a farm disaster area under AS 03.10.058; or (3) of a borrower who has**
 15 **experienced an agricultural disaster based upon regulations adopted by the**
 16 **Board of Agriculture and Conservation. Notwithstanding any other provision of**
 17 **law that relates to loan terms, the** [BOARD. THE] restructuring may only include
 18 reduction of interest **to a fixed rate not less than five percent a year** [TO RATES
 19 BELOW THOSE SPECIFIED BY AS 03.10.030], an extension of the term of the loan,
 20 and an improvement to the security interest of the state. It may not reduce the amount
 21 of principal and interest owed before the loan is restructured.

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

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

26 (1) the applicant's written release of the state, including [THE
 27 ALASKA AGRICULTURE ACTION COUNCIL, THE AGRICULTURAL
 28 REVOLVING LOAN FUND, AND] the University of Alaska, from all potential
 29 liability for actions and omissions occurring before the date of restructuring that relate
 30 in any way to a state farm project, land sale, land sale relinquishment, farm loan, or
 31 loan application or loan modification application, whether granted or denied by the

1 state; and

2 (2) assignment by the applicant to the board of the proceeds from the
3 federal government under 7 U.S.C. 1442 (Conservation Reserve Program) and P.L. 88-
4 26 (Feed Grain Act of 1963), as amended.

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

6 (a) A borrower may not use farm land for a **nonfarm** [NON-FARM] use or
7 sell, lease, or otherwise dispose of farm land if that land is encumbered by a mortgage
8 given to secure the payment of a [FARM DEVELOPMENT, CHATTEL, OR
9 IRRIGATION SYSTEM] loan under this chapter unless the borrower either

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

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

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

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

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

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

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

31 (c) A meeting of the [AGRICULTURAL REVOLVING LOAN FUND] board

1 to act on applications for loans is exempt from the public meeting requirements of
2 AS 44.62.310.

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

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

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

10 (g) The **board** [DIRECTOR OF AGRICULTURE] may dispose of property
11 acquired by the **agricultural revolving loan fund** [AGRICULTURAL REVOLVING
12 LOAN FUND BOARD OR BY THE COMMISSIONER] through foreclosure, default,
13 or other action arising out of agricultural loans or the sale of agricultural land.
14 Disposals shall be conducted under regulations approved by the commissioner. The
15 regulations must ensure that the property is disposed of so as to maximize the return
16 to the state and must require that the parcels of land that are composed primarily of
17 cropland soils be restricted to agricultural uses and disposed of only to persons who
18 are residents of the state.

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

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

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

26 (2) **land** [LAND] designated as suitable for subdivision and homesite
27 disposal shall be surveyed, subdivided, classified, and disposed of under this chapter,
28 AS 38.05, and AS 38.08; [.]

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

31 (4) **land designated agricultural shall be disposed of under**

1 AS 38.05.055 - 38.05.065, except the Board of Agriculture and Conservation
 2 (AS 03.09.010) shall receive notice of each proposed disposal and be given an
 3 opportunity to comment before the final disposal decision is made.

4 * Sec. 18. AS 38.04.030 is amended to read:

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

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

14 (7) **after consulting with the Board of Agriculture and Conservation**
 15 **(AS 03.09.010)**, waive, postpone, or otherwise modify the development requirements
 16 of a contract for the sale of agricultural land if

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

18 (B) transportation, marketing, and development costs render the
 19 required development uneconomic;

20 * Sec. 20. AS 38.05.057(c) is amended to read:

21 (c) The commissioner, **after consulting with the Board of Agriculture and**
 22 **Conservation (AS 03.09.010)**, may adopt regulations under the Administrative
 23 Procedure Act (AS 44.62) **that** [WHICH] specify qualifications for lottery participants
 24 different from those specified in (b) of this section if

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

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

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

1 * **Sec. 21.** AS 38.05.059 is amended to read:

2 **Sec. 38.05.059. Sale of agricultural land.** The commissioner, after
 3 consulting with the Board of Agriculture and Conservation (AS 03.09.010), may
 4 provide for the sale of land classified under AS 38.05.020(b)(6) for agricultural uses
 5 in parcels or tracts described by aliquot parts. The parcels or tracts are subject to state
 6 subdivision requirements and municipal ordinances.

7 * **Sec. 22.** AS 38.05.065(h) is amended to read:

8 (h) The commissioner, after consulting with the Board of Agriculture and
 9 Conservation (AS 03.09.010),

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

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

17 (A) the commissioner determines that the moratorium is in the
 18 best interest of the state;

19 (B) the commissioner certifies and the contract purchaser agrees
 20 to perform farm development, crop production, and harvesting, not including
 21 land clearing or related activity, requiring the expenditure of amounts
 22 equivalent to the payments that would otherwise be made during the
 23 moratorium;

24 (C) the sale of the agricultural land takes place after July 1,
 25 1979; and

26 (D) the contract purchaser is in compliance with the
 27 development plan specified in the purchase contract at the time the purchaser
 28 applies for a moratorium under this subsection and remains in compliance with
 29 the development plan during the moratorium; for the payments subject to the
 30 moratorium declared under this paragraph, interest payments are subject to the
 31 moratorium but interest continues to accrue during the moratorium.

1 * **Sec. 23.** AS 38.05.069(a) is amended to read:

2 (a) **After consulting with the Board of Agriculture and Conservation**
3 **(AS 03.09.010), on** [ON] a determination that the highest and best use of unoccupied
4 land is for agricultural purposes and that it is in the best interests of the state to sell
5 or lease the land, the commissioner shall grant to an **Alaska** [ALASKAN] resident
6 owning and using or leasing and using land for agricultural purposes a first option at
7 the auction to purchase or lease the unoccupied land situated adjacent to land presently
8 held by the **Alaska** [ALASKAN] resident for the amount of the high bid received at
9 public auction. If more than one **Alaska** [ALASKAN] resident qualifies for a first
10 option under this section, eligibility for the first option shall be determined by lot and
11 the option must be exercised on the conclusion of the public auction. A parcel of
12 agricultural land sold under this section may not be less than 20 acres, and a parcel of
13 agricultural land that is acquired by exercise of the option granted in this subsection
14 may not exceed 320 acres. Agricultural land that is acquired under this section must
15 be used for agricultural purposes as required by law.

16 * **Sec. 24.** AS 38.05.321(e) is amended to read:

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

1 the value of the right to construct housing in a subdivided parcel

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

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

8 * **Sec. 25.** AS 38.05.035(b) is amended to read:

9 (b) The director may

10 (1) delegate the administrative duties, functions or powers imposed
11 upon the director to a responsible employee in the division;

12 (2) grant preference rights for the lease or purchase of state land
13 without competitive bid in order to correct errors or omissions of a state or federal
14 administrative agency when inequitable detriment would otherwise result to a diligent
15 claimant or applicant due to situations over which the claimant or applicant had no
16 control; the exercise of this discretionary power operates only to divest the state of its
17 title to or interests in land and may be exercised only

18 (A) with the express approval of the commissioner; and

19 (B) if the application for the preference right is filed with the
20 director within three years from

21 (i) the occurrence of the error or omission;

22 (ii) the date of acquisition by the state of the land; or

23 (iii) the date of a court decision or settlement nullifying
24 a disposal of state land;

25 (3) grant a preference right to a claimant who shows bona fide
26 improvement of state land or of federal land subsequently acquired by the state and
27 who has in good faith sought to obtain title to the land but who, through error or
28 omission of others occurring within the three years before (A) the application for the
29 preference right, (B) the date of acquisition by the state of the land, or (C) the date of
30 a court decision or settlement nullifying a disposal of state land, has been denied title
31 to it; upon a showing satisfactory to the commissioner, the claimant may lease or

1 purchase the land at the price set on the date of original entry on the land or, if a price
 2 was not set at that time at a price determined by the director to fairly represent the
 3 value of unimproved land at the time the claim was established, but in no event less
 4 than the cost of administration including survey; the error or omission of a predecessor
 5 in interest or an agent, administrator, or executor which has clearly prejudiced the
 6 claimant may be the basis for granting a preference right;

7 (4) sell land by lottery for less than the appraised value when, in the
 8 judgment of the director, past scarcity of land suitable for private ownership in any
 9 particular area has resulted in unrealistic land values;

10 (5) when the director determines it is in the best interest of the state
 11 and will avoid injustice to a person or the heirs or devisees of a person, dispose of
 12 land, by direct negotiation to that person who presently uses and who used and made
 13 improvements to that land before January 3, 1959, or to the heirs or devisees of the
 14 person; the amount paid for the land shall be its fair market value on the date that the
 15 person first entered the land, as determined by the director; a parcel of land disposed
 16 of under this paragraph shall be of a size consistent with the person's prior use, but
 17 may not exceed five acres;

18 (6) **after consulting with the Board of Agriculture and Conservation**
 19 **(AS 03.09.010)**, dispose of an interest in land limited to use for agricultural purposes
 20 by lottery;

21 (7) convey to an adjoining landowner for its fair market value a
 22 remnant of land that the director considers unmanageable or a parcel of land created
 23 by a highway right-of-way alignment or realignment, or a parcel created by the
 24 vacation of a state-owned right-of-way if

25 (A) the director determines that it is in the best interests of the
 26 state;

27 (B) the parcel does not exceed the minimum lot size under an
 28 applicable zoning code; and

29 (C) the director and the platting authority having land use
 30 planning jurisdiction agree that conveyance of the parcel to the adjoining
 31 landowner will result in boundaries that are convenient for the use of the land

1 by the landowner and compatible with municipal land use plans;

2 (8) for good cause extend for up to 90 days the time for rental or
3 installment payments by a lessee or purchaser of state land under this chapter if
4 reasonable penalties and interest set by the director are paid;

5 (9) quitclaim land or an interest in land to the federal government on
6 a determination that the land or the interest in land was wrongfully or erroneously
7 conveyed by the federal government to the state;

8 (10) negotiate the sale or lease of state land at fair market value to a
9 person who acquired by contract, purchase, or lease rights to improvements on the land
10 from another state agency or who leased the land from another state agency [;

11 (11) REPEALED].

12 * **Sec. 26.** AS 38.07.010(b) is amended to read:

13 (b) The land **that is** [THUS] cleared or drained **under (a) of this section** shall
14 be put up for competitive lease in lots of not less than 320 acres each. **Lease**
15 **payments shall be separately accounted for and may be appropriated to the**
16 **agricultural revolving loan fund (AS 03.10.040).**

17 * **Sec. 27.** AS 38.09.010(a) is amended to read:

18 (a) The commissioner shall designate and make available for homestead entry
19 state land, including, **after consulting with the Board of Agriculture and**
20 **Conservation (AS 03.09.010),** land classified for agricultural use. State land made
21 available for homestead entry under this chapter shall be distributed throughout the
22 state.

23 * **Sec. 28.** AS 39.50.200(b) is amended by adding a new paragraph to read:

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

25 * **Sec. 29.** AS 03.10.050(b), 03.10.050(d), 03.10.052; and AS 39.50.200(b)(1) are repealed.

26 * **Sec. 30.** The uncodified law of the State of Alaska is amended by adding a new section
27 to read:

28 TRANSITION. (a) Notwithstanding AS 03.09.010(b), enacted in sec. 1 of this Act,
29 two initial appointed members of the Board of Agriculture and Conservation shall be
30 appointed to one-year terms and two initial appointed members of the board shall be appointed
31 to two-year terms.

1 (b) Notwithstanding AS 03.09.040, enacted in sec. 1 of this Act, AS 03.10.020(a), as
2 amended in sec. 2 of this Act, AS 03.10.030(h), as amended in sec. 8 of this Act, and
3 AS 03.10.033(a), as amended in sec. 9 of this Act, regulations that apply to the agricultural
4 revolving loan fund and to loans from the fund remain in effect until amended or repealed by
5 the Board of Agriculture and Conservation.

6 * **Sec. 31.** This Act takes effect July 1, 2000.