

HOUSE BILL NO. 250

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES WHITAKER, Davies, Dyson, Croft, Brice

Introduced: 5/19/99

Referred: House Special Committee on Oil and Gas, Resources, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act applicable to the reduction of holdings when the total acreage of oil and
2 gas leases taken or held by a person exceeds the amount that may, by law, be
3 taken or held by one person, and authorizing the University of Alaska to select
4 and manage that excess land; and providing for an effective date."

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

6 * **Section 1.** AS 14.40.170(a) is amended to read:

7 (a) The Board of Regents shall

8 (1) appoint the president of the university by a majority vote of the
9 whole board, and the president may attend meetings of the board;

10 (2) fix the compensation of the president of the university, all heads of
11 departments, professors, teachers, instructors, and other officers;

12 (3) confer such appropriate degrees as it may determine and prescribe;

13 (4) have the care, control, and management of

14 (A) all the real and personal property of the university; and

1 (B) land

2 (i) conveyed to the Board of Regents by the
3 commissioner of natural resources in the settlement of the claim of the
4 University of Alaska to land granted to the state in accordance with the
5 Act of March 4, 1915 (38 Stat. 1214), as amended, and in accordance
6 with the Act of January 21, 1929 (45 Stat. 1091), as amended; **and**

7 **(ii) selected by the University of Alaska and conveyed**
8 **to it by the commissioner of natural resources under AS 14.40.365**
9 **and AS 38.05.140(g);**

10 (5) keep a correct and easily understood record of the minutes of every
11 meeting and all acts done by it in pursuance of its duties;

12 (6) under procedures to be established by the commissioner of
13 administration, and in accordance with existing procedures for other state agencies,
14 have the care, control, and management of all money of the university and keep a
15 complete record of all money received and disbursed;

16 (7) adopt reasonable rules for the prudent trust management and the
17 long-term financial benefit to the university of the land of the university;

18 (8) provide public notice of sales, leases, exchanges, and transfers of
19 the land of the university or of interests in land of the university.

20 * **Sec. 2.** AS 14.40.291 is amended to read:

21 **Sec. 14.40.291. Land of the University of Alaska not public domain land.**

22 **(a)** Notwithstanding any other provision of law, university-grant land, state
23 replacement land that becomes university-grant land on conveyance to the university,
24 **land selected by and conveyed to the University of Alaska under AS 14.40.365,** and
25 any other land owned by the University of Alaska is not and may not be treated as
26 state public domain land. **Land conveyed to the University of Alaska under**
27 **AS 14.40.365 shall be managed under AS 14.40.365 - 14.40.368 and policies of the**
28 **Board of Regents of the University of Alaska.**

29 **(b)** Title **to** or interest **in** [TO] land described in **(a) of** this section may not
30 be acquired by adverse possession, prescription, or in any other manner except by
31 conveyance from the university.

1 (c) The land **described in (a) of this section** is subject to condemnation for
2 public purpose in accordance with law.

3 * **Sec. 3.** AS 14.40 is amended by adding new sections to read:

4 **Sec. 14.40.365. University land from return of excess oil and gas lease**
5 **acreage.** (a) The University of Alaska may select and is entitled to receive the
6 conveyance of not less than 250,000 acres of land returned to the state under
7 AS 38.05.140(g). If there is disagreement between the university and the
8 commissioner of natural resources about the selection of any of the land returned, the
9 disagreement must be submitted to the governor, who shall make the final decision.

10 (b) If the amount of land to be returned under AS 38.05.140(g) exceeds the
11 balance due the university under this section, the university shall set out the land to
12 be conveyed in priority order.

13 (c) Land may not be selected if, on the date of its selection by the university,
14 it

15 (1) has been reserved by law from the public domain; or

16 (2) is subject to conveyance under a land exchange or land settlement
17 agreement.

18 (d) Notwithstanding AS 38.05.125(a), the transfer of ownership and
19 management of land from the Department of Natural Resources to the Board of
20 Regents of the University of Alaska under this section includes the interest of the state
21 in

22 (1) the coal, ores, minerals, fissionable materials, geothermal resources,
23 and fossils that may be in or on the land; and

24 (2) the oil and gas that may be in or on the land.

25 (e) When the University of Alaska selects the land to which it is entitled under
26 this section, selections must be made in parcels of 640 acres or larger unless the
27 selection is an isolated tract or the commissioner of natural resources finds it is in the
28 best interest of the state to convey less. When the University of Alaska becomes
29 entitled to land under this section, the commissioner of natural resources shall convey
30 a document of interim conveyance under (h) of this section or a patent to land.

31 (f) Land transferred or conveyed to the University of Alaska under this section

- 1 (1) is subject to
- 2 (A) Sec. 6(i) of the Alaska Statehood Act (P.L. 85-508, 72 Stat.
- 3 339);
- 4 (B) art. IX of the state constitution;
- 5 (C) AS 19.10.010;
- 6 (D) the payment requirements to the Alaska permanent fund
- 7 under AS 37.13.010(a) and (b); and
- 8 (E) the rights of the state under former 43 U.S.C. 932 (sec. 8,
- 9 Act of July 26, 1866, 14 Stat. 253); and
- 10 (2) excludes any interest transferred to the state by quitclaim deed dated
- 11 June 30, 1959, under authority of the Alaska Omnibus Act, P.L. 86-70, 73 Stat. 141.
- 12 (g) The University of Alaska shall bear all costs of selection, platting,
- 13 surveying, and, except as provided in (i) of this section, conveyance of the land that
- 14 it selects under this section and, subject to appropriation, shall reimburse the
- 15 Department of Natural Resources for the reasonable costs incurred by that department
- 16 relating to that selection, platting, surveying, and conveyance. As to land due the
- 17 University of Alaska under (e) of this section,
- 18 (1) if the land has been surveyed, the boundaries of the land conveyed
- 19 must conform to the public land subdivisions established by the approved survey;
- 20 (2) if the land is unsurveyed, the commissioner shall survey the exterior
- 21 boundaries of the land to be conveyed without interior subdivision and shall issue
- 22 patent in terms of the exterior boundary survey.
- 23 (h) For land due the University of Alaska under (e) of this section that is
- 24 unsurveyed, pending the survey of exterior boundaries and issuance of patent, the
- 25 commissioner of natural resources shall prepare and provide to the University of
- 26 Alaska a document of interim conveyance for the land to be conveyed.
- 27 (i) Except as provided in AS 14.40.368(2), management of land conveyed to
- 28 the University of Alaska by patent or by a document of interim conveyance vests with
- 29 the University of Alaska from the date of recording of the patent or document of
- 30 interim conveyance. The state shall pay the cost of recording all patents and
- 31 documents of interim conveyance.

1 (j) Before the conveyance or the disposal of an interest in the land to a third
2 party, land conveyed to the University of Alaska under this section shall be managed
3 in a manner that, to the maximum extent practicable, permits activities of the public
4 that do not interfere with the use of the land by the university.

5 **Sec. 14.40.368. Land subject to encumbrances and trespasses.** For land
6 selected by the University of Alaska under AS 14.40.365 that is subject to a lease,
7 license, contract, prospecting site, claim, sale, permit, right-of-way, or easement, or to
8 trespass,

9 (1) if the lease, license, contract, prospecting site, claim, sale, permit,
10 right-of-way, easement, or trespass

11 (A) existed before the selection of the land by the University
12 of Alaska, the state is entitled to receive the income obtained from the lease,
13 license, contract, prospecting site, claim, sale, permit, right-of-way, easement,
14 or trespass for the duration of the term of the lease, license, contract,
15 prospecting site, claim, sale, permit, right-of-way, or easement, or of the
16 trespass, and during any renewal of it that is authorized by the lease, license,
17 contract, prospecting site, claim, sale permit, right-of-way, or easement, or by
18 law;

19 (B) did not exist before the selection of the land by the
20 University of Alaska,

21 (i) the state is entitled to receive the income obtained
22 from the lease, license, contract, prospecting site, claim, sale, permit,
23 right-of-way, or easement, or from trespass before the recording of the
24 conveyance to the University of Alaska by the issuance of a document
25 of interim conveyance or a patent;

26 (ii) the University of Alaska is entitled to receive the
27 income obtained from the lease, license, contract, prospecting site,
28 claim, sale, permit, right-of-way, or easement, or from trespass on the
29 date of and after the recording of the conveyance to the University of
30 Alaska by the issuance of a document of interim conveyance or a
31 patent;

1 (2) the responsibility for the management of the land vests with the
 2 University of Alaska only upon conclusion of the term of the lease, license, contract,
 3 prospecting site, claim, sale, permit, right-of-way, or easement, and any renewal
 4 authorized by the lease, license, contract, prospecting site, claim, sale, permit, right-of-
 5 way, or easement, or by law, if the lease, license, contract, prospecting site, claim,
 6 sale, permit, right-of-way, or easement existed before the land's being selected by the
 7 university; if the lease, license, contract, prospecting site, claim, sale, permit, right-of-
 8 way, or easement was entered into after selection, then the responsibility for
 9 management vests with the university on the date of recording of the conveyance of
 10 the land to the university by a document of interim conveyance or patent.

11 * **Sec. 4.** AS 14.40.400(a) is amended to read:

12 (a) The Board of Regents shall establish a separate endowment trust fund in
 13 which shall be held in trust in perpetuity **all**

14 (1) [ALL] net income derived from the sale or lease of the land granted
 15 under the Act of Congress approved January 21, 1929, as amended; [AND]

16 (2) **net income derived from the sale, lease, or management of the**
 17 **land selected by and conveyed to the University of Alaska under AS 14.40.365;**
 18 **and**

19 (3) [ALL] monetary gifts, bequests, or endowments made to the
 20 University of Alaska for the purpose of the fund.

21 * **Sec. 5.** AS 29.45.030(a) is amended to read:

22 (a) The following property is exempt from general taxation:

23 (1) municipal property, including property held by a public corporation
 24 of a municipality, or state property, or land that is in the trust established by the
 25 Alaska Mental Health Enabling Act of 1956, P.L. 84-830, 70 Stat. 709, except that

26 (A) a private leasehold, contract, or other interest in the
 27 property is taxable to the extent of the interest;

28 (B) notwithstanding any other provision of law, property
 29 acquired by an agency, corporation, or other entity of the state through
 30 foreclosure or deed in lieu of foreclosure and retained as an investment of a
 31 state entity is taxable; this subparagraph does not apply to federal land granted

1 to the University of Alaska under AS 14.40.380 or 14.40.390, [OR] to other
 2 land granted to the university by the state to replace land that had been granted
 3 under AS 14.40.380 or 14.40.390, **or to land conveyed by the state to the**
 4 **university under AS 14.40.365;**

5 (C) an ownership interest of a municipality in real property
 6 located outside the municipality acquired after December 31, 1990, is taxable
 7 by another municipality; however, a borough may not tax an interest in real
 8 property located in the borough and owned by a city in that borough;

9 (2) household furniture and personal effects of members of a
 10 household;

11 (3) property used exclusively for nonprofit religious, charitable,
 12 cemetery, hospital, or educational purposes;

13 (4) property of a nonbusiness organization composed entirely of persons
 14 with 90 days or more of active service in the armed forces of the United States whose
 15 conditions of service and separation were other than dishonorable, or the property of
 16 an auxiliary of that organization;

17 (5) money on deposit;

18 (6) the real property of certain residents of the state to the extent and
 19 subject to the conditions provided in (e) of this section;

20 (7) real property or an interest in real property that is exempt from
 21 taxation under 43 U.S.C. 1620(d), as amended;

22 (8) property of a political subdivision, agency, corporation, or other
 23 entity of the United States to the extent required by federal law; except that a private
 24 leasehold, contract, or other interest in the property is taxable to the extent of that
 25 interest;

26 (9) natural resources in place including coal, ore bodies, mineral
 27 deposits, and other proven and unproven deposits of valuable materials laid down by
 28 natural processes, unharvested aquatic plants and animals, and timber.

29 * **Sec. 6.** AS 38.05.140 is amended by adding a new subsection to read:

30 (g) If the acreage taken or held by a person under the person's oil or gas leases
 31 exceeds the maximum acreage that, under (c) of this section, may be taken or held at

1 one time by a person, the commissioner shall

2 (1) require the person to relinquish the excess acreage; the
3 commissioner shall give notice to the person to reduce the holdings under the leases
4 and shall require the person to relinquish the excess leases within one year after giving
5 notice;

6 (2) identify all the person's oil and gas leases, both producing and
7 nonproducing, and

8 (A) as to the tracts in the nonproducing leases, the
9 commissioner shall determine, after consultation with the Alaska Oil and Gas
10 Conservation Commission and the Board of Regents of the University of
11 Alaska the tracts in excess of the maximum acreage that shall be relinquished
12 by the person to the state; the commissioner may negotiate with the person
13 concerning the tracts to be relinquished;

14 (B) if tracts relinquished under (A) of this paragraph are not
15 sufficient to reduce the person's leases to no more than the maximum acreage,
16 the commissioner shall determine the balances of the tracts to be relinquished
17 from the person's producing leases by lot;

18 (3) thereafter first offer the tracts relinquished under (2) of this
19 subsection to the University of Alaska for selection and conveyance under
20 AS 14.40.365, but, if a tract offered for selection cannot be selected or is not selected
21 by the Board of Regents, the commissioner shall reoffer the relinquished tracts for
22 lease.

23 * **Sec. 7.** This Act takes effect immediately under AS 01.10.070(c).