

**SENATE BILL NO. 197**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY SENATOR GREEN

Introduced: 1/20/00

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 interests in state agricultural  
3 or grazing land; and providing for an effective date."

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

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

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

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

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

- 11 (1) one member shall have general business or financial experience;
- 12 (2) one member shall be a member of a statewide agriculture promotion  
13 organization;
- 14 (3) one member shall be a member of a soil and water conservation

1 district established under AS 41.10.130(a) who is also engaged in commercial  
2 production agriculture;

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, vegetable production, grain production, horticultural  
6 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 and submit the name of the appointee to the  
11 legislature for confirmation under AS 39.05.080.

12 (c) Members of the board receive no compensation, but are entitled to per  
13 diem and travel expenses authorized for boards and commissions under AS 39.20.180.

14 (d) Notwithstanding AS 39.52.150(a) or other law, a person serving on the  
15 board, or an immediate family member of a person serving on the board, may obtain  
16 a lease, permit, or loan under AS 03.10 or under AS 38.05. A person may be  
17 appointed to the board even though that person, or an immediate family member, has  
18 a lease, permit, or loan under AS 03.10 or AS 38.05. However, a board member may  
19 not use or attempt to use the office for personal gain and may not intentionally secure  
20 or grant unwarranted benefits or treatment for any person.

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

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

28 **Sec. 03.09.030. Quorum.** Four members of the Board of Agriculture and  
29 Conservation constitute a quorum for the transaction of business or the exercise of a  
30 power or function at a meeting of the board.

31 **Sec. 03.09.040. Regulations.** (a) The Board of Agriculture and Conservation

1 may adopt regulations under AS 44.62 (Administrative Procedure Act) to carry out its  
2 duties.

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

5 **Sec. 03.09.050. Agricultural land.** (a) The Board of Agriculture and  
6 Conservation may recommend to the commissioner that land in the land disposal bank  
7 established under AS 38.04.020 be classified as suitable for agriculture. The board  
8 may identify state land for agricultural disposal and request the commissioner to  
9 provide for the survey and disposal of the land.

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

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

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

20 (1) make a loan to

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

23 (i) clearing land for agricultural purposes;

24 (ii) development of farms;

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

26 (iv) the purchase of livestock or machinery;

27 (B) an individual state resident, or a partnership or corporation  
28 for

29 (i) storage and processing plants for agricultural  
30 products;

31 (ii) the commercial production or processing of

- 1 horticultural products in the state;
- 2 (iii) the commercial production or processing of animal
- 3 feed in the state; or
- 4 (iv) the raising or care of animals in the state for the
- 5 purpose of marketing their fur;
- 6 (2) designate agents and delegate its powers to them as necessary;
- 7 (3) adopt regulations necessary to carry out its functions, including
- 8 regulations to establish reasonable fees for services provided and charges for collecting
- 9 the fees;
- 10 (4) establish amortization plans for repayment of loans, which may
- 11 include delayed payments of principal and interest for not to exceed five years;
- 12 (5) enter into agreements with private lending institutions, other state
- 13 agencies or agencies of the federal government, to carry out the purposes of this
- 14 chapter;
- 15 (6) collect the fees and collection charges established under this
- 16 subsection.

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

- 18 (a) The farm development, chattel, or irrigation loan made under this chapter
- 19 (1) may not exceed a term of 30 years, except that a chattel loan may
- 20 not exceed a term of seven years;
- 21 (2) may not, when added to the outstanding balance of other loans
- 22 made under this chapter, exceed a total outstanding balance of \$1,000,000;
- 23 (3) shall be secured by a real estate or chattel mortgage of any priority,
- 24 except that the portion of a loan that exceeds \$500,000, when added to prior
- 25 indebtedness that is secured by the same property, must be secured by a first mortgage;
- 26 (4) shall bear interest at a rate **comparable to that charged by other**
- 27 **agricultural** [THAT MAY NOT BE LESS THAN EIGHT PERCENT OR MORE
- 28 THAN THE COMMERCIAL RATE, UNLESS THE COMMERCIAL RATE IS
- 29 EIGHT PERCENT OR LESS; IN THIS PARAGRAPH, "COMMERCIAL RATE"
- 30 MEANS THE PREVAILING RATE OF INTEREST AT PRIVATE] lending
- 31 institutions in the state for loans similar to those referred to in this subsection.

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

2 (c) A **short-term** [SHORT TERM] loan, to be amortized within one year, not  
3 to exceed \$350,000 to any one borrower may be made for operating purposes, except  
4 that a loan made under this subsection may not exceed \$200,000 unless the loan is  
5 made to a borrower in a farm disaster area declared under AS 03.10.058. An applicant  
6 for a **short-term** [SHORT TERM] loan may be required to purchase insurance through  
7 the Federal Crop Insurance Act (7 U.S.C. 1501 - 1520) as a condition of the loan.  
8 The term of a loan made under this subsection may be extended for up to three years  
9 by the **Board of Agriculture and Conservation** [AGRICULTURAL REVOLVING  
10 LOAN FUND BOARD], in the discretion of the board, upon application by the  
11 borrower.

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

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

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

23 (f) A farm product processing loan may not exceed \$250,000. A mortgage  
24 that secures a farm product processing loan may be of any priority if the total  
25 indebtedness on the real estate, including the secured farm product processing loan,  
26 does not exceed \$250,000. A farm product processing loan that, if made, would raise  
27 the existing indebtedness on the real estate securing the loan above \$250,000, or a  
28 farm product processing loan on real estate that has a prior indebtedness of \$250,000  
29 or more, may be made only if all prior mortgagees agree to subordinate their  
30 mortgages to that of the state for the amount of the farm product processing loan that  
31 exceeds the \$250,000 indebtedness limit on the real estate. A farm product processing

1 loan may not exceed a term of 30 years or bear interest **at a rate** that is less than a  
 2 **rate comparable to that charged by other agricultural lending institutions in the**  
 3 **state for similar loans**, [EIGHT PERCENT A YEAR] and shall be secured by a real  
 4 estate or chattel mortgage or both.

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

6 (g) A loan for clearing land may not

7 (1) exceed \$250,000;

8 (2) bear interest **at a rate** that is less than **a rate comparable to that**  
 9 **charged by other agricultural lending institutions in the state for similar loans**  
 10 [EIGHT PERCENT];

11 (3) have a term in excess of 20 years; or

12 (4) be made for clearing land other than land that has been classified  
 13 by the United States Department of Agriculture, **Natural Resource** [SOIL]  
 14 Conservation Service, under the Land Capability Classification System as having  
 15 agricultural potential for the production of annual crops **or** [,] hay, or for pasture.

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

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

21 (1) encourage agricultural development;

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

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

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

25 (a) To increase the return to the state, the **Board of Agriculture and**  
 26 **Conservation** [AGRICULTURAL REVOLVING LOAN FUND BOARD] may  
 27 restructure loans **(1)** in existence on January 1, 1987, made by the **former**  
 28 **Agricultural Revolving Loan Fund Board** [BOARD] or by the **former** Alaska  
 29 Agricultural Action Council based upon guidelines approved by the **Board of**  
 30 **Agriculture and Conservation; or (2) of a borrower who has experienced an**  
 31 **agricultural disaster as defined by regulations adopted by the Board of**

1        **Agriculture and Conservation** [BOARD]. The restructuring may only include  
 2        reduction of interest [TO RATES BELOW THOSE SPECIFIED BY AS 03.10.030],  
 3        an extension of the term of the loan, and an improvement to the security interest of the  
 4        state. It may not reduce the amount of principal and interest owed before the loan is  
 5        restructured. **AS 03.10.030(a)(1) does not apply to a loan that is restructured**  
 6        **under this section.**

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

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

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

18                (2) assignment by the applicant to the board of the proceeds from the  
 19        federal government under 7 U.S.C. 1442 (Conservation Reserve Program) and P.L. 88-  
 20        26 (Feed Grain Act of 1963), as amended.

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

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

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

29                (2) pays the outstanding principal balance for the remaining term of the  
 30        loan at the prevailing rate of interest that is charged by commercial banks in the state  
 31        during the calendar quarter in which the **board** [DEPARTMENT] receives notice of

1 the change of use, sale, lease, or other disposal of the farm land.

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

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

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

7 (a) The **Board of Agriculture and Conservation** [COMMISSIONER] shall  
8 administer the **agricultural revolving** loan fund [IN CONJUNCTION WITH THE  
9 AGRICULTURAL REVOLVING LOAN FUND BOARD]. **A** [NO] loan [IN EXCESS  
10 OF \$25,000] may **not** be made [BY THE COMMISSIONER] without the approval of  
11 a majority of the board, **except that emergency loans not to exceed \$50,000 may be**  
12 **made upon the approval, by majority vote, of a committee composed of the chair**  
13 **of the board, another board member, and the director of the board.**

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

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

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

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

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

25 (g) The **board** [DIRECTOR OF AGRICULTURE] may dispose of property  
26 acquired by the **agricultural revolving loan fund** [AGRICULTURAL REVOLVING  
27 LOAN FUND BOARD OR BY THE COMMISSIONER] through foreclosure, default,  
28 or other action arising out of agricultural loans or the sale of agricultural land.  
29 Disposals shall be conducted under regulations approved by the commissioner. The  
30 regulations must ensure that the property is disposed of so as to maximize the return  
31 to the state and must require that the parcels of land that are composed primarily of

1 cropland soils be restricted to agricultural uses and disposed of only to persons who  
2 are residents of the state.

3 \* **Sec. 17.** AS 03.47.020 is amended to read:

4 **Sec. 03.47.020. Importation of bees.** All bees imported into the state shall  
5 be accompanied by a health certificate that states that the bees come from an apiary  
6 apparently free of bee diseases and that is signed by an apiary inspector determined  
7 to be qualified by the **board** [DIVISION].

8 \* **Sec. 18.** AS 03.47.030(a) is amended to read:

9 (a) The **board** [DIVISION] shall investigate reported cases of diseased bees  
10 and cases of diseased bees discovered by the **board** [DIVISION].

11 \* **Sec. 19.** AS 03.47.030(b) is amended to read:

12 (b) The **board** [DIVISION] shall take action necessary to prevent the spread  
13 of bee diseases. Bees or used beekeeping equipment found to contain the causative  
14 organisms of American foulbrood (*Bacillus larvae*) or European foulbrood  
15 (*Streptococcus pluton*) shall be immediately quarantined and treated within five days  
16 by

17 (1) chamber fumigation using ethylene oxide or other gases approved  
18 by the **board** [DIVISION];

19 (2) sterilization by boiling in lyewater for at least 15 minutes; or

20 (3) destruction of bees, bee combs, and frames by burning followed by  
21 burying 18 inches deep.

22 \* **Sec. 20.** AS 03.47.030(d) is amended to read:

23 (d) A quarantine imposed under this section may not be removed until infected  
24 bees and used beekeeping equipment are destroyed or the **board** [DIVISION]  
25 determines through testing that the used beekeeping equipment is free of the disease.

26 \* **Sec. 21.** AS 03.47.030(e) is amended to read:

27 (e) The **board** [DIVISION] shall adopt regulations necessary to carry out the  
28 purposes of this chapter.

29 \* **Sec. 22.** AS 03.47.040(2) is amended to read:

30 (2) "**board**" ["DIVISION"] means the **Board of Agriculture and**  
31 **Conservation (AS 03.09.010)** [DIVISION OF AGRICULTURE, DEPARTMENT OF

1 NATURAL RESOURCES];

2 \* **Sec. 23.** AS 38.04.020(g) is amended to read:

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

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

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

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

14 (4) **land designated agricultural shall be disposed of by the Board**  
15 **of Agriculture and Conservation (AS 03.09.010) in accordance with AS 38.05.055 -**  
16 **38.05.065, except the board shall carry out the duties of the commissioner or the**  
17 **director under those sections.**

18 \* **Sec. 24.** AS 38.04.030 is amended to read:

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

26 \* **Sec. 25.** AS 38.05.020(b)(7) is amended to read:

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

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

31 (B) transportation, marketing, and development costs render the

1 required development uneconomic;

2 \* **Sec. 26.** AS 38.05.035(a)(7) is amended to read:

3 (7) have jurisdiction over state land, except that land acquired by the  
4 Alaska World War II Veterans Board and the Agricultural Loan Board or the  
5 departments or agencies succeeding to their respective functions through foreclosure  
6 or default; to this end the director possesses the powers and, with the approval of the  
7 commissioner **and, with respect to agricultural land, the Board of Agriculture and**  
8 **Conservation**, shall perform the duties necessary to protect the state's rights and  
9 interest in state land, including the taking of all necessary action to protect and enforce  
10 the state's contractual or other property rights;

11 \* **Sec. 27.** AS 38.05.057(c) is amended to read:

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

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

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

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

23 \* **Sec. 28.** AS 38.05.059 is amended to read:

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

29 \* **Sec. 29.** AS 38.05.065(h) is amended to read:

30 (h) The **Board of Agriculture and Conservation (AS 03.09.010)**  
31 [COMMISSIONER]

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

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

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

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

15 (C) the sale of the agricultural land takes place after July 1,  
 16 1979; and

17 (D) the contract purchaser is in compliance with the  
 18 development plan specified in the purchase contract at the time the purchaser  
 19 applies for a moratorium under this subsection and remains in compliance with  
 20 the development plan during the moratorium; for the payments subject to the  
 21 moratorium declared under this paragraph, interest payments are subject to the  
 22 moratorium but interest continues to accrue during the moratorium.

23 \* **Sec. 30.** AS 38.05.069(a) is amended to read:

24 (a) On a determination **by the commissioner** that the highest and best use of  
 25 unoccupied land is for agricultural purposes and that it is in the best interests of the  
 26 state to sell or lease the land, the **Board of Agriculture and Conservation**  
 27 **(AS 03.09.010)** [COMMISSIONER] shall grant to an **Alaska** [ALASKAN] resident  
 28 owning and using or leasing and using land for agricultural purposes a first option at  
 29 the auction to purchase or lease the unoccupied land situated adjacent to land presently  
 30 held by the **Alaska** [ALASKAN] resident for the amount of the high bid received at  
 31 public auction. If more than one **Alaska** [ALASKAN] resident qualifies for a first

1 option under this section, eligibility for the first option shall be determined by lot and  
 2 the option must be exercised on the conclusion of the public auction. A parcel of  
 3 agricultural land sold under this section may not be less than 20 acres, and a parcel of  
 4 agricultural land that is acquired by exercise of the option granted in this subsection  
 5 may not exceed 320 acres. Agricultural land that is acquired under this section must  
 6 be used for agricultural purposes as required by law.

7 \* **Sec. 31.** AS 38.05.069(c) is amended to read:

8 (c) Under this section,

9 (1) the **Board of Agriculture and Conservation** [DIRECTOR] may  
 10 transfer state land classified for agriculture only for agricultural purposes;

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

12 \* **Sec. 32.** AS 38.05.321(a) is amended to read:

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

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

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

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

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

29 \* **Sec. 33.** AS 38.05.321(d) is amended to read:

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

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

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

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

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

14 (B) except as provided by (i) of this section, limit the right of  
 15 a landowner to construct housing for the landowner and farm laborers, to  
 16 construct improvements for animals, or to construct improvements that are  
 17 reasonably required for or related to agricultural use on the original parcel and  
 18 on additional subdivided parcels, not to exceed the limits and restrictions set  
 19 by (a)(2) of this section; and

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

23 \* **Sec. 34.** AS 38.05.321(e) is amended to read:

24 (e) A landowner may subdivide land classified for agricultural use and for  
 25 which the landowner obtained a patent under a homestead entry permit issued under  
 26 AS 38.09 so long as the resulting parcels are not in violation of the minimum parcel  
 27 size set out in (a) of this section. A landowner may subdivide other land classified for  
 28 agricultural use as authorized under (d)(3)(C) of this section. If the subdivision  
 29 involves land classified for agricultural use and for which the landowner obtained a  
 30 patent under a homestead entry permit issued under AS 38.09, or if the subdivision of  
 31 land authorized under (d)(3)(C) of this section results only in parcels of 640 acres or

1 more, the landowner may subdivide without payment as required by this subsection.  
 2 If subdivision of land authorized by (d)(3)(C) of this section would result in one or  
 3 more parcels of less than 640 acres, the landowner may subdivide only if the  
 4 landowner first tenders payment to the **Board of Agriculture and Conservation**  
 5 **[DEPARTMENT]** for the right to construct housing in each subdivided parcel of less  
 6 than 640 acres. **Payments collected under this subsection shall be separately**  
 7 **accounted for and may be appropriated to the agricultural revolving loan fund**  
 8 **(AS 03.10.040)**. For purposes of this subsection, the value of the right to construct  
 9 housing in a subdivided parcel

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

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

16 \* **Sec. 35.** AS 38.05.321(f) is amended to read:

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

22 (1) the spouse of the person; or

23 (2) a parent, child, including a stepchild and an adoptive child, or  
 24 sibling of the person if the parent, child, or sibling resides with the person, is  
 25 financially dependent on the person, or shares a substantial financial interest with the  
 26 person.

27 \* **Sec. 36.** AS 38.07.010(b) is amended to read:

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

1        **loan fund (AS 03.10.040).**

2        \* **Sec. 37.** AS 38.07.030(a) is amended to read:

3                (a) An owner of agricultural land, or a lessee from the state of agricultural  
4                land, in the general vicinity of the land to be cleared or drained under AS 38.07.010(a)  
5                may apply to the commissioner to have the land cleared or drained or both along with  
6                the state land. The applicant's land shall be included in the contract of land to be  
7                cleared or drained if, in the discretion of the commissioner, the inclusion is feasible  
8                and furthers the agricultural policies of the **Board of Agriculture and Conservation**  
9                [DIVISION OF AGRICULTURE].

10       \* **Sec. 38.** AS 38.09.010(a) is amended to read:

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

16       \* **Sec. 39.** AS 38.09.010(b) is amended to read:

17               (b) The commissioner shall complete a rectangular survey grid of homestead  
18               entry state land under AS 38.04.045 before disposing of state land for homestead entry  
19               **or authorizing the Board of Agriculture and Conservation to dispose of it.** A  
20               homestead entry parcel shall be established in aliquot parts of a surveyed section or  
21               as lots or tracts that are fractions of aliquot parts of a surveyed section. The  
22               commissioner shall ensure practical access to each homestead entry parcel but the  
23               commissioner may waive the rectangular survey grid if no more than one conveyance  
24               is made for each section within a township.

25       \* **Sec. 40.** AS 38.09.010(c) is amended to read:

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

29       \* **Sec. 41.** AS 39.25.110 is amended by adding a new paragraph to read:

30                (34) the director of the Board of Agriculture and Conservation.

31       \* **Sec. 42.** AS 39.50.200(b) is amended by adding a new paragraph to read:

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

2 \* **Sec. 43.** AS 03.10.050(b), 03.10.050(d), 03.10.052; AS 38.05.035(b)(6); and  
3 AS 39.50.200(b)(1) are repealed.

4 \* **Sec. 44.** The uncodified law of the State of Alaska is amended by adding a new section  
5 to read:

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

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

14 (c) Notwithstanding AS 03.47.030(e), as amended in sec. 21 of this Act, regulations  
15 that apply to bees and beekeeping equipment adopted by the division of agriculture remain  
16 in effect until amended or repealed by the Board of Agriculture and Conservation.

17 \* **Sec. 45.** This Act takes effect July 1, 2000.