

SENATE FINANCE COMMITTEE
April 28, 2021
9:02 a.m.

[9:02:18 AM](#)

CALL TO ORDER

Co-Chair Bishop called the Senate Finance Committee meeting to order at 9:02 a.m.

MEMBERS PRESENT

Senator Click Bishop, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Lyman Hoffman
Senator Donny Olson
Senator Natasha von Imhof
Senator Bill Wielechowski
Senator David Wilson

MEMBERS ABSENT

None

PRESENT VIA TELECONFERENCE

Marty Parsons, Director, Division of Mining, Land, and Water, Department of Natural Resources (DNR), Anchorage;
David Schade, Director, Division of Agriculture, DNR, Eagle River.

SUMMARY

SB 97 STATE LAND SALES AND LEASES; RIVERS

SB 97 was HEARD and HELD in committee for further consideration.

#sb97

SENATE BILL NO. 97

"An Act relating to state land; relating to the authority of the Department of Education and Early Development to dispose of state land; relating to the authority of the Department of Transportation and

Public Facilities to dispose of state land; relating to the authority of the Department of Natural Resources over certain state land; relating to the state land disposal income fund; relating to the leasing and sale of state land for commercial development; repealing establishment of recreation rivers and recreation river corridors; and providing for an effective date."

9:03:48 AM

MARTY PARSONS, DIRECTOR, DIVISION OF MINING, LAND, AND WATER, DEPARTMENT OF NATURAL RESOURCES (DNR), ANCHORAGE (via teleconference), discussed the presentation, "SB 97 State Land Sales and Leases" (copy on file). He displayed slide 2, "Authority to Department of Education and Early Development (DEED) and Department of Transportation and Public Facilities (DOT) ":

Authority to DOT/PF and DEED to Dispose of State Land

Provides authority to ease disposal of excess buildings around the state

- The bill amends current statutes to allow DOT/PF and DEED to acquire and transfer excess buildings and land that is no longer needed for the purposes of the original acquisition
- This will streamline the disposal process and reduce multi-agency efforts

9:05:36 AM

Co-Chair Bishop asked that there be a pause between each slide for questions.

Senator Hoffman wondered whether there was map of parcels available for consideration by the citizens of Alaska. He stressed that there were many people in western Alaska that did not have access to state lands because they were not in close proximity to those lands.

Mr. Parsons shared that there were many parcels that were scattered throughout the state. He stated that there were also lands available at auction. He remarked that there was an attempt to make many parcels available in the state.

Senator Olson assumed that "private sector" referred to both individuals and businesses.

Mr. Parsons replied that the attempts as related to the efforts with the Department of Transportation and Public Facilities (DOT) and the Department of Education and Early Development (DEED), those departments' statutes were determined the disposal of land. He assumed that individuals could bid on the parcels, because there was nothing in the legislation that prohibited that action.

Senator Olson wondered how there could be a leveling to ensure that both individuals and corporations could acquire the land.

Mr. Parsons replied that the conversation must be done with DOT and DEED to see how they would dispose of the land.

[9:10:50 AM](#)

Mr. Parsons highlighted slide 3, "Land Disposal Income Fund (LDIF)":

Increase Land Disposal Income Fund (LDIF) Cap

Increase spending authority from the LDIF for project development

The cap on the LDIF is proposed to be increased from \$5M to \$12M to provide additional capital for the department to develop and dispose of state lands and to offset inflation since the fund was established in 2000

- The \$5M cap has not been adjusted in 20 years
- Personnel and Development costs have increased significantly, reducing the available "working capital"
- This will result in more acreage available for sale and construction of access
- This is not an increase in appropriation simply an adjustment to the funding cap

Senator Hoffman requested the most recent five years of the income fund expenditures.

Mr. Parsons agreed to provide that information.

Co-Chair Bishop requested a list of the efforts that were not followed through.

Mr. Parsons agreed to provide that information.

[9:14:18 AM](#)

Mr. Parsons pointed to slide 4, "Commercial Use":

Commercial Use Land Sales

This new statute governing the leasing and sale of state lands deemed suitable for commercial development, within Qualified Opportunity Zones or in state determined commercial development areas

- Land can be nominated by the public
- Leasing option to complete requirements for sale and allow immediate commercial activity
- After conclusion of the lease requirements for sale will occur
- Individuals have requested a program to allow for such sales
- The number of acres identified for proposed development will be significant and the number of acres conveyed will depend on the proposals received

Co-Chair Bishop wondered whether a green energy project be allowed commercial use.

Mr. Parsons replied in the affirmative.

[9:18:45 AM](#)

DAVID SCHADE, DIRECTOR, DIVISION OF AGRICULTURE, DNR, EAGLE RIVER (via teleconference), addressed slide 5, "Agriculture Lands":

Reduced Restrictions to Agricultural Land Disposals

Statutes are modified to reduce restrictions on agricultural land to private ownership

- Reduces parcel size from a minimum of 40 acres to 20 acres when subdividing

- Increases the number of parcels from a maximum of four parcels to eight parcels when subdividing
- Allows for land use and improvements, including those that do not limit the primary use for agricultural purposes

[9:20:40 AM](#)

Co-Chair Bishop wondered whether the program would allow for continued agriculture, but also allow for a subsidy of the farm.

Mr. Schade replied that it was the intent of the legislation.

Mr. Parsons pointed to slide 6, "Development":

Road Development and Minimum Lot Size Standards

The bill clarifies statutes relating to the development of roads and minimum lot size standards

- Provides statute language to ensure State land disposals are held to the same platting and zoning requirements as all municipal projects for both lot size and constructed access

Senator Wilson wondered whether there was a desire to sell the lots to developers after meeting the minimum, or whether they would be sold in subsections.

Mr. Parsons responded that, currently, it would be a subdivision development that the state would build the roads and offer lots for sale. He shared that there was an examination of larger parcel sales to a developer with no infrastructure in place, therefore putting that responsibility on the developer.

[9:25:31 AM](#)

Senator Wilson remarked that many preferred that the larger lots be sold to a developer.

Mr. Parsons noted that the small lots would be sold at once, to individuals, but understood the concern.

Mr. Parsons looked at slide 7, "Additional Sales and Authorities."

Provides for ease of Land Sales purchase contracts and clarification

- Modifies auction requirements for easier administration of land offerings
 - o Allows for more modern sale options, including online auctions
- Increases max contract term to 30 years
 - o Currently capped at 20 years
 - o Allows for longer financing of higher value parcels
- Language referencing "foreclosure" is modified to "termination" to align with the current administrative process

Senator Wilson queried the normal state rate of return on the land sales.

Mr. Parsons replied that it varied, depending on the location of the sold land. He stated that land in the Interior would sell for approximately \$3000 and acre, but land closer to road construction increased the cost. He shared that land in Southeast was valued higher, mainly because it was often waterfront. He agreed to provide further information.

Senator Wilson queried the typical interest rate for financing in the slide.

Mr. Parsons replied that it was prime plus two.

Mr. Parsons concluded his presentation.

[9:30:35 AM](#)

Co-Chair Bishop OPENED and CLOSED public testimony.

Senator Wilson wondered whether there was opposition to the bill.

Co-Chair Bishop replied that there was slight opposition in the Senate Resource Committee, so there was removal of a section.

Senator von Imhof furthered that the impetus of the bill would begin to look at a 30-year-old plan related to recreational rivers to determine modernization.

Co-Chair Bishop discussed the following day's agenda.

SB 97 was HEARD and HELD in committee for further consideration.

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ADJOURNMENT

9:32:39 AM

The meeting was adjourned at 9:32 a.m.