

**ALASKA STATE LEGISLATURE
SENATE RESOURCES STANDING COMMITTEE**

January 20, 2023

3:31 p.m.

MEMBERS PRESENT

Senator Click Bishop, Co-Chair
Senator Cathy Giessel, Co-Chair
Senator Scott Kawasaki
Senator James Kaufman
Senator Matt Claman

MEMBERS ABSENT

Senator Bill Wielechowski, Vice Chair
Senator Forrest Dunbar

COMMITTEE CALENDAR

PRESENTATION: UNIVERSITY OF ALASKA'S LAND GRANT

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

CHAD HUTCHISON, Director of State Relations
University of Alaska System
Fairbanks, Alaska

POSITION STATEMENT: Delivered a presentation on the University of Alaska's land grant status.

ADRIENNE STOLPE, Director of Land Management
University of Alaska System
Anchorage, Alaska

POSITION STATEMENT: Participated during the presentation on the University of Alaska's land grant status.

ANDY HARRINGTON, General Counsel's Office
University of Alaska System
Fairbanks, Alaska

POSITION STATEMENT: Answered questions during the presentation on the University of Alaska's land grant status.

ACTION NARRATIVE

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CO-CHAIR CATHY GIESSEL called the Senate Resources Standing Committee meeting to order at 3:31 p.m. Present at the call to order were Senators Kaufman, Claman, and Kawasaki, and Co-Chair Bishop and Co-Chair Giessel.

PRESENTATION: UNIVERSITY OF ALASKA'S LAND GRANT STATUS

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CO-CHAIR GIESSEL announced the committee would hear a presentation about the University of Alaska's Land Grant Status. She welcomed the presenters and asked them to introduce themselves.

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At ease to wait for Mr. Harrington to join the committee via teleconference.

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CO-CHAIR GIESSEL reconvened the meeting.

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CHAD HUTCHISON, Director of State Relations, University of Alaska System (UA), Fairbanks, Alaska, introduced himself and briefly reviewed his professional background.

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ADRIENNE STOLPE, Director of Land Management, University of Alaska System, Anchorage, Alaska, introduced herself and briefly reviewed her professional background.

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ANDY HARRINGTON, Associate General Counsel, University of Alaska System, Fairbanks, Alaska, introduced himself and briefly reviewed his professional background.

MR. HUTCHISON began the presentation with an executive summary of the current status of the university's land grant. He paraphrased slide 2 that read as follows:

University Land Grant

- University of Alaska is Alaska's state designated land grant institution
- Historical legacy is the Morrill Act of 1862 which created a mechanism for providing land to support higher education

MR. HUTCHISON added historical context explaining that the Morrill Land Grant College Act of 1862 was enacted during the Civil War. It promised federal lands to establish public colleges as an enticement for states to join the Union. The Mexican-American War of [1846-1848] expanded US territory thereby contributing to the Western expansion.

- However, UA received only portions of lands Congress originally reserved for it
- Recent movement, federally, allows the state (DNR) and the UA to move forward with land selections. This is a positive step, but actual monetization will be many years in the future and will not solve all financial need

MR. HUTCHISON noted that the US purchased Alaska as a territory in 1867 and it became a state in 1959. Only a portion of the lands that were originally reserved for Alaska were conveyed. This has been unresolved for decades but there has been important movement recently, thanks to the work by President Pitney and the federal delegation. He cautioned that this is just the first step in a multi-year process as the university works to acquire and monetize its land grant acreage, which should help resolve its budget issues. While conversations are ongoing about minerals, timber, and now carbon offsets, litigation should be expected so full resolution will be years in the future.

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MR. HUTCHISON turned to slide 3 that shows Alaska superimposed over a map of the contiguous Lower-48 states. He explained that the illustration is intended to demonstrate the extent of UA's land grant deficit compared to the rest of the US. He summarized the text that read as follows:

UA's Land Grant deficit is 360,000 acres

- Only Delaware & Hawaii rank below Alaska in higher education land grants
- UA only received ~111,000 acres of its federal land grant entitlement
- This grant makes up the bulk of UA's current ~149,000 acre holdings
- Remaining land received from state & municipal sources, private gifts and bequests, and UA land acquisitions

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MR. HUTCHISON turned to the pie chart on slide 4 that illustrates the 71 percent or 360,000 acre land grant deficit; the two percent or 12,000 acres that are dedicated to UA campuses, research sites, and other facilities; and the breakdown by investment class of the remaining 27 percent or 137,000 acres. The investment classes are as follows:

**UA Land Holdings
~149,000 acres**

37 percent Sales/Leases

- Recreational
- Residential
- Waterfront
- Commercial
- Remote

23 percent Forest Resources

20 percent Mining and Materials

11 percent Mitigation Management

9 percent Oil, Gas, Coal

SENATOR CLAMAN mentioned the disparity between land mass and the size of other states' land grants. He asked if some small states have no land grants at all.

MR. HUTCHISON deferred the question to Mr. Harrington.

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MR. HARRINGTON offered to provide a table that shows the federal land grants by state. He agreed that the disparity was striking as demonstrated by the fact that the federal land grant for

Rhode Island was more than for Alaska. He described the reasons for the differences as historical and complicated.

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MR. HUTCHISON returned attention to the pie chart and the investment classes of UA's land holdings to explain that the purpose of the land grant was to monetize the land to help the university. President Pitney's presumption has been that UA is still due 360,000 acres.

MR. HUTCHISON directed attention to slide 5 that compares UA's land grant acreage to the University of Texas land grant and the Mental Health Trust lands, and how each entity has monetized its lands.

The University of Texas land grant was 2.1 million acres and from that acreage the university cumulatively has generated \$21.4 billion as of 2019. He noted that post 1836 there was particular interest in settling Texas and making it a state, which could partially account for that state's particularly large land grant.

The University of Alaska received just 149,000 acres but was able to generate \$6.8 million from these assets in 2019. Despite the incomplete land endowment, UA has generated more than \$249 million from its trust land assets since the 1980s.

The Mental Health Trust Authority, for comparison purposes, generated \$10.6 million from its 1 million acre holdings.

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MR. HUTCHISON reviewed the land grant history outlined on slides 6-9. The slides read as follows:

Land Grant History

Pre-Statehood Federal Laws for UA Lands

- 1862 Morrill Act: Each state upon admission was to receive 30,000 acres per member of Congress (90,000 acres for Alaska) dedicated to higher education. Congress in the Alaska Statehood Act said that the State's large general land selections were to be "in lieu of" Morrill Act lands, so the Morrill Act was "declared not to extend" to Alaska.

- 1915 "Wickersham" Land Grant Statute: Reserved an estimated 336,000 acres in Tanana Valley area. Lands remained largely unsurveyed and less than 5% were ever conveyed to UA.
- 1929 "Sutherland" Land Grant Statute: Congress grants 100,000 acres for UA. Left intact at Statehood, and acreage was (eventually) conveyed to UA, where it makes up most of current land holdings.

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- Following Statehood, the Alaska Legislature tries to provide UA's land. In 1959 a bill reserving 1 million acres, passes both Houses, but is vetoed
- Alaska Legislature in 2000 passes bill, and overrides gubernatorial veto, to grant UA 260,000 acres
- In 2004, Alaska Supreme Court rules land conveyance is not an appropriation, but declines to address dedication clause issue

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- 2005: Legislation identifies specific lands for transfer to UA (HB 130)
- 2007: Environmental group sues arguing land transfer violates Constitution's anti-dedication clause (Article 9, Section 7)
- 2009: Alaska Supreme Court agrees and strikes down the 2000/2005 legislation. State can't make a land grant to UA that "would operate in a manner similar to the way that the University's federal land grant has operated since before statehood." Important: Dedications are constitutionally allowed when required by federal government for state participation in federal programs. In other words: There was a need for state participation in federal program.
- 2010: UA begins transferring land back to the state

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- 2020: Sen. Murkowski, Sen. Sullivan and Rep. Young introduce bills for the "University of Alaska Fiscal Foundation Act" (UAFFA). Sets up federal program [through the Department of Interior and BLM.] However, Congress adjourns without passing the bill.
- 2021: Sen. Murkowski, Sen. Sullivan and Rep. Young introduce bills in the Senate and House for the UAFFA. State legislature passes SJR 8 supporting the federal delegation's effort.
- 2022: Newly elected Rep. Peltola announces her support for the UAFFA. The Senate incorporates the provisions of UAFFA into the Omnibus Appropriations bill which passes both chambers and is signed into law.
- Today: UA owns ~149,000 acres, most from 1929 Sutherland Act, private party donations, as well as from local governments.

MR. HUTCHISON added that the difference today is that there is optimism that UA will eventually receive additional acreage.

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MR. HUTCHISON reviewed the provisions listed on slide 10 of the University of Alaska Fiscal Foundation Act (UAFFA). It read as follows:

What did the provisions of the University of Alaska Fiscal Foundation Act (UAFFA) do?

- The bill establishes a program directing the Bureau of Land Management (BLM) to identify and convey available federal land in Alaska to the University of Alaska for a land grant to support higher education.
- The bill also permits the BLM or the Department of Agriculture to acquire by purchase or exchange, with the university's consent, university-owned inholdings within conservation system units.

- Any land exchanged shall be of equal value.

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CO-CHAIR GIESSEL asked whether the university would be given a menu from which to select acreage.

MS. STOLPE answered that UA would be able to choose acreage from the state-selected federal lands.

CO-CHAIR BISHOP highlighted that SJR 8, that the legislature sent to the delegation, Congress, and the President in 2021, illustrates that these resolutions do have weight.

MR. HUTCHISON agreed that SJR 8 was very important and noted that Governor Dunleavy did a good job of expressing its value.

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MR. HUTCHISON continued to discuss the provision of UAFFA. Slides 11 and 12 read as follows:

- No later than four years after enactment of the bill, Alaska and the university may jointly identify no more than 500,000 acres of land for inclusion in the program, of which not more than 360,000 acres may be conveyed and patented to the university.
- Upon the request of Alaska and the university, BLM shall provide technical assistance in the identification of land.
- If Alaska and the university notify the BLM in writing that Alaska and the university jointly concur with the conveyance of all or a portion of the land identified for conveyance, and that Alaska relinquishes its selection rights to the land covered by the notification, the BLM shall convey the land to the university, to be held in trust for the exclusive use and benefit of the university.
- The BLM shall notify Congress of the land conveyed and patented.
- The law establishes a framework for the university to work with the state Dept. of

Natural Resources to jointly identify up to 500,000 acres of federal land to be conveyed to the state.

- It would require the Bureau of Land Management to survey the selection and work with UA to transfer up to 360,000 acres of state land to the university.

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MR. HUTCHISON reviewed the current status of the land selection outlined on slide 13:

Where are we now?

- The UA Lands office already has selected approx. 200,000 acres and provided the selection to DNR for review
- The acreage ultimately transferred to UA would be deducted from Alaska's outstanding statehood lands entitlement and managed by the UA for the benefit of our students and to further meet our mission of teaching, research and workforce development for Alaska

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SENATOR CLAMAN asked for confirmation that the university was selecting from lands the state previously selected.

MR. HUTCHISON said yes.

SENATOR CLAMAN asked whether or not the state already had title to those lands.

MS. STOLPE clarified that the lands were in state-selected status. They have not been conveyed. She directed attention to slide 14 that provides additional explanation. It read as follow:

**Land Batches - UA Land Office
WHO/WHAT/WHEN/WHERE/WHY**

- The UA Lands office has already been working with DNR
- Support from Governor's office

- Timeline
 - UA began identifying potential lands in 2019
 - DNR provided informal feedback on initial land batches, allowing UA to modify and resubmit ~200,000 acres to DNR
 - DNR and other state agencies are reviewing the revised batches
 - UA and DNR are meeting monthly to review requested lands
 - UA is identifying lands valuable to mineral potential, carbon sequestration potential, and remote land sales, to provide short, medium, and long term revenue streams to the endowment

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MS. STOLPE said it's important to note that the 360,000 acres will come from the state's overall entitlement. The remaining state selection is about 13,000 acres, predominantly in the Interior. Very little coastal land and land in Southeast is left.

CO-CHAIR GIESSEL commented that she had not realized that the land grant comes out of the remaining state conveyance.

SENATOR CLAMAN remarked that there would be no net loss to the lands in federal control.

MR. HUTCHISON agreed.

CO-CHAIR GIESSEL stated appreciation that UA was carefully analyzing the resource value of the land.

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SENATOR KAUFMAN commented that he was pleased that the process was moving.

MR. HUTCHISON said UA looks forward to providing updates.

CO-CHAIR GIESSEL expressed appreciation for the history that demonstrates the century old push pull.

MR. HARRINGTON thanked the committee.

CO-CHAIR GIESSEL concluded the meeting.

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There being no further business to come before the committee, Co-Chair Giessel adjourned the Senate Resources Standing Committee meeting at 3:57 p.m.