

**HOUSE BILL NO. 296**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE MEARS

Introduced: 2/6/26

Referred: Resources, Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to leases of state land for agricultural purposes; and providing for an  
2 effective date."

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

4 \* **Section 1.** AS 38.05.070(e) is amended to read:

5 (e) The director may renew a lease issued under this section, AS 38.05.075,  
6 38.05.083, 38.05.084, or 38.05.810 upon its expiration if the lease is in good standing  
7 and the lease renewal is determined to be in the best interests of the state. A renewal  
8 issued under this subsection is not subject to AS 38.05.035(e). A lease under this  
9 section, AS 38.05.075, or 38.05.810 may be renewed only once for a term not longer  
10 than the initial term of the lease. The director shall provide notice of the lease renewal  
11 decision.

12 \* **Sec. 2.** AS 38.05.075(a) is amended to read:

13 (a) Except as provided in AS 38.05.035, 38.05.070, 38.05.073, 38.05.081,  
14 38.05.082, 38.05.083, 38.05.084, 38.05.087, 38.05.102, 38.05.565, 38.05.600,

1 38.05.810, and this section, when competitive interest has been demonstrated or the  
 2 commissioner determines that it is in the state's best interests, leasing shall be made at  
 3 public auction or by sealed bid, at the discretion of the director, to the highest qualified  
 4 bidder as determined by the commissioner. A bidder may be represented by an  
 5 attorney or agent at a public auction. In the public notice of a lease to be offered at  
 6 public auction or by sealed bid, the commissioner shall specify a minimum acceptable  
 7 bid and the lease compensation method. The lease compensation method shall be  
 8 designed to maximize the return on the lease to the state and shall be a form of  
 9 compensation set out in AS 38.05.073(m). An aggrieved bidder may appeal to the  
 10 commissioner within five days for a review of the determination. The leasing shall be  
 11 conducted by the commissioner, and the successful bidder shall deposit at the public  
 12 auction or with the sealed bid the first year's rental or other lease compensation as  
 13 specified by the commissioner, or that portion of it that the commissioner requires in  
 14 accordance with the bid. The commissioner shall require, under AS 38.05.860,  
 15 qualified bidders to deposit a sum equal to any survey or appraisal costs reasonably  
 16 incurred by another qualified bidder acting in accordance with the regulations of the  
 17 commissioner or incurred by the department under AS 38.04.045 and AS 38.05.840. If  
 18 a bidder making a deposit of survey or appraisal costs is determined by the  
 19 commissioner to be the highest qualified bidder under this subsection, the deposit shall  
 20 be paid to the unsuccessful bidder who incurred those costs or to the department if the  
 21 department incurred the costs. All costs for survey and appraisal shall be approved in  
 22 advance in writing by the commissioner. The commissioner shall immediately issue a  
 23 receipt containing a description of the land or interest leased, the price bid, and the  
 24 terms of the lease to the successful qualified bidder. If the receipt is not accepted in  
 25 writing by the bidder under this subsection, the commissioner may offer the land for  
 26 lease again under this subsection. A lease, on a form approved by the attorney general,  
 27 shall be signed by the successful bidder and by the commissioner.

28 \* **Sec. 3.** AS 38.05 is amended by adding a new section to read:

29 **Sec. 38.05.084. Leases of state land for agricultural purposes.** (a) The  
 30 commissioner may lease state land for agricultural purposes. State land that is not  
 31 classified as agricultural land under AS 38.05.020(b)(6) may be leased for agricultural

1 purposes under this section. A lease agreement under this section must include land  
2 use restrictions and authorizations consistent with the agricultural purpose of the lease.

3 (b) A person may apply to lease state land for agricultural purposes by  
4 submitting an application to the department. An application to lease state land must  
5 include

6 (1) the specific location, description, and amount of land the applicant  
7 wants to lease;

8 (2) a detailed summary of the proposed purpose the land will be used  
9 for, including a management plan; and

10 (3) additional information and requirements established by the  
11 department in regulation, including any application fees.

12 (c) Upon receiving an application to use state land for agricultural purposes,  
13 the department shall solicit competitive interest by issuing a public notice in the  
14 manner prescribed in AS 38.05.945. The notice must contain an announcement  
15 seeking competitive interest. If competing applications are received following notice,  
16 the applications will be awarded under (d) of this section.

17 (d) If the director receives two or more applications for the same land, the  
18 director shall award the lease based on the merit of the agricultural proposal, not the  
19 proposed monetary consideration, and may consider other reasonable factors,  
20 including the qualifications of the applicant, including whether the applicant has  
21 previous agricultural experience, the anticipated lease term, how the proposed use  
22 would accommodate concurrent use of the land, consistency with existing state area or  
23 management plans, and any additional requirements established by the director in  
24 regulation. If one or more applicants have proposed using the land for agricultural  
25 purposes, the director shall consider each applicant's proposal and determine which  
26 proposed use is more appropriate for the selected state land. An application for a lease  
27 of state land under this section, including supporting documentation submitted to the  
28 department for review, is a public record subject to AS 40.25.110 - 40.25.220. An  
29 aggrieved applicant may appeal to the commissioner for a review of the director's  
30 determination within 20 days after receiving notice of the determination.

31 (e) Notwithstanding AS 38.05.070(f), a lease for state land under this section

1 is for 10 years with an option for five-year renewals as long as the lessee continues to  
 2 meet the terms of the lease. A lessee may apply to purchase the land after the lessee  
 3 has used the land for agricultural purposes for at least seven years. If a lessee does not  
 4 use the land leased under this section for agricultural purposes for at least seven years,  
 5 the lessee is not eligible to purchase the land. The director shall establish by regulation  
 6 criteria for lease termination, lease renewal, and requirements for returning land to the  
 7 state.

8 (f) The director shall establish an agricultural fee schedule for compensation  
 9 for a lease under this section. The fee schedule must ensure fair compensation to the  
 10 state. Fees may be set below fair market rate.

11 (g) State land leased for agricultural purposes under this section is subject to  
 12 appraisal under AS 38.05.840 only if the commissioner determines in writing that the  
 13 site is subject to appraisal under AS 38.05.840.

14 (h) State land leased for agricultural purposes under this section is subject to  
 15 survey under AS 38.04.045(b) only if the commissioner determines in writing that the  
 16 site is subject to appraisal under AS 38.04.045(b).

17 (i) A lessee who violates a provision of this section may be assessed a civil  
 18 penalty by the director. The director shall establish by regulation the maximum  
 19 penalty to be imposed under this subsection and the minimum penalty to be imposed  
 20 under this subsection.

21 (j) In this section, "agricultural purposes" means

22 (1) the commercial production of useful plants and animals;

23 (2) the construction of

24 (A) housing for landowners and farm laborers;

25 (B) improvements for animals; or

26 (C) improvements that are reasonably required for or related to

27 agricultural use;

28 (3) the use of gravel reasonably required or related to agricultural  
 29 production on the parcel conveyed; and

30 (4) removal and disposition of timber in order to bring agricultural  
 31 land into use.

1 \* **Sec. 4.** AS 38.05.102 is amended to read:

2           **Sec. 38.05.102. Lessee preference.** Except for a lease under AS 38.05.081,  
3           [OR] 38.05.083, **or 38.05.084**, if land within a leasehold created under AS 38.05.070 -  
4           38.05.105 is offered for sale or long-term lease at the termination of the existing  
5           leasehold, the director may, upon a finding that it is in the best interest of the state,  
6           allow a holder in good standing of the existing leasehold to purchase or lease the land  
7           for its appraised fair market value at the time of the sale or long-term lease.

8 \* **Sec. 5.** This Act takes effect January 1, 2027.