

HOUSE BILL NO. 353

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE VANCE

Introduced: 2/23/26

Referred: Community and Regional Affairs, Resources

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the sale and lease of agricultural land; defining 'agricultural
2 purposes' under the Alaska Land Act; and providing for an effective date."

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

4 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
5 to read:

6 LEGISLATIVE INTENT. It is the intent of the legislature that state procedures for the
7 sale and lease of agricultural land support agricultural development in the state and improve
8 food security by encouraging increased in-state production of animal and agricultural products
9 and reducing state residents' reliance on food imported from outside the state.

10 * **Sec. 2.** AS 38.04.020(i) is amended to read:

11 (i) Nothing in this section prevents the disposal of other land by the
12 commissioner in accordance with AS 38.05.055, 38.05.057, 38.05.059, 38.05.070, the
13 issuance of remote recreational cabin site leases or sales under AS 38.05.600,
14 AS 38.08, AS 38.09, or other law.

1 * **Sec. 3.** AS 38.05.059 is amended to read:

2 **Sec. 38.05.059. Sale of agricultural land.** The commissioner, after consulting
3 with the Board of Agriculture and Conservation (AS 03.09.010), may provide for the
4 sale of land classified under AS 38.05.020(b)(6) for agricultural uses in parcels or
5 tracts described by aliquot parts. The parcels or tracts are subject to state subdivision
6 requirements and municipal ordinances. Money from a sale of agricultural land shall
7 be separately accounted for and may be appropriated to the agricultural revolving loan
8 fund (AS 03.10.040). **A parcel or tract sold under this section**

9 **(1) is subject to AS 38.05.321 and must be used for agricultural**
10 **purposes;**

11 **(2) may not be less than five acres or more than 320 acres in total.**

12 * **Sec. 4.** AS 38.05.059 is amended by adding new subsections to read:

13 (b) A person may apply to purchase a parcel or tract of land for an agricultural
14 purpose under this section by submitting an application to the department. An
15 application to purchase agricultural land must include

16 (1) the specific location, description, and amount of land the applicant
17 wants to purchase;

18 (2) a detailed summary of the proposed agricultural purposes the land
19 will be used for and a description of likely agricultural production from the land under
20 the proposal; and

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

23 (c) Upon receiving an application to purchase a parcel or tract of state land for
24 agricultural purposes under this section, the department shall solicit competitive
25 interest by issuing a public notice in the manner prescribed in AS 38.05.945. The
26 notice must contain an announcement seeking competitive interest. If competing
27 applications are received following notice, the commissioner will make the sale under
28 (d) of this section.

29 (d) If the director receives two or more applications for the same parcel or
30 tract, the director shall consider reasonable factors in awarding the sale, including
31 proposed monetary consideration, the value to the state, the potential agricultural

1 production from the proposed uses of the land, and any additional requirement
 2 established by the department in regulation. If one or more applicants have proposed
 3 different agricultural uses for a parcel or tract, the director shall consider each
 4 applicant's proposal and select the proposal the commissioner determines is likely to
 5 make a greater contribution to agricultural production in the state notwithstanding the
 6 proposed monetary consideration. An application for the purchase of state land under
 7 this section, including supporting documentation submitted to the department for
 8 review, is a public record subject to AS 40.25.110 - 40.25.220. An aggrieved applicant
 9 may appeal to the commissioner for a review of the director's determination within 20
 10 days after receiving notice of the determination.

11 (e) Before signing a formal conveyance under this section, the director must

12 (1) evaluate information received during a solicitation of competitive
 13 interest under (c) of this section; and

14 (2) find under AS 38.05.035(e) that the sale of the land for the
 15 proposed agricultural purpose is in the best interests of the state; the findings must
 16 include

17 (A) estimated agricultural production from the land;

18 (B) the proposed monetary consideration under the agreement;

19 (C) the value of the land's potential agricultural production to
 20 the state; and

21 (D) a summary of public comments received in response to the
 22 solicitation of competitive interest required under (c) of this section and the
 23 department's response to those comments.

24 (f) Before a final decision to dispose of agricultural land under this section, the
 25 commissioner may hold a hearing to take testimony and shall

26 (1) provide notice and allow opportunity for comment in accordance
 27 with AS 38.05.945; and

28 (2) consider all relevant comments or testimony received under this
 29 section, AS 38.05.945, and 38.05.946.

30 (g) Before signing the formal conveyance, the commissioner may reject all
 31 bids or offers for a parcel of agricultural land if the commissioner determines that the

1 best interests of the state justify this action. If the commissioner rejects a bid or offer
2 for a parcel of agricultural land under this section, the commissioner shall provide the
3 bidder or offeror with written findings stating the reasons for the rejection.

4 (h) A parcel of land sold under this section is subject to appraisal under
5 AS 38.05.840 only if the commissioner determines in writing that the parcel is subject
6 to appraisal under AS 38.05.840.

7 (i) Before disposing of a parcel of agricultural land under this section, the
8 commissioner shall require the purchaser to post a performance bond or provide other
9 security to ensure compliance with the terms of the sale, including restoration of the
10 land in the event of abandonment.

11 (j) This section does not affect the disposal of minerals under AS 38.05.135 -
12 38.05.183.

13 * **Sec. 5.** AS 38.05.069(a) is amended to read:

14 (a) After consulting with the Board of Agriculture and Conservation
15 (AS 03.09.010), on a determination that the highest and best use of unoccupied land is
16 for agricultural purposes and that it is in the best interests of the state to sell or lease
17 the land, the commissioner shall grant to an Alaska resident owning and using or
18 leasing and using land for agricultural purposes a first option to purchase or lease the
19 unoccupied land situated adjacent to land presently held by the Alaska resident for the
20 amount of the high bid received at public auction or by sealed bid. If more than one
21 Alaska resident qualifies for a first option under this section, eligibility for the first
22 option shall be determined by lot, and the option must be exercised on the conclusion
23 of the public auction or opening of sealed bids. A parcel of agricultural land sold
24 under this section **is subject to the acreage requirements of AS 38.05.059** [MAY
25 NOT BE LESS THAN 20 ACRES, AND A PARCEL OF AGRICULTURAL LAND
26 THAT IS ACQUIRED BY EXERCISE OF THE OPTION GRANTED IN THIS
27 SUBSECTION MAY NOT EXCEED 320 ACRES]. Agricultural land that is acquired
28 under this section must be used for agricultural purposes as required by **AS 38.05.321**
29 [LAW].

30 * **Sec. 6.** AS 38.05.069(d) is amended to read:

31 (d) When not in conflict with this section, the provisions of

1 **(1)** AS 38.05.045 - 38.05.105 apply to disposals under this section;

2 **and**

3 **(2) AS 38.05.084 apply to leases issued under this section.**

4 * **Sec. 7.** AS 38.05.070(c) is amended to read:

5 (c) A lease may be issued for a period up to 55 years, if the commissioner
6 determines it to be in the best interests of the state. The commissioner shall consider
7 the useful life of any improvements proposed and approved under AS 38.05.075 in
8 determining the term of the lease. **The** [IF THE] commissioner **may declare a lease**
9 **void if the commissioner** determines that

10 **(1)** the land or a part of it which is the subject of a grazing lease is not
11 being used for the purpose issued; **or**

12 **(2) land leased under AS 38.05.084 is not being used for**
13 **agricultural purposes** [, THE LEASE MAY BE DECLARED VOID].

14 * **Sec. 8.** AS 38.05.070(e) is amended to read:

15 (e) The director may renew a lease issued under this section, AS 38.05.075,
16 38.05.083, or 38.05.810 upon its expiration if the lease is in good standing and the
17 lease renewal is determined to be in the best interests of the state. A renewal issued
18 under this subsection is not subject to AS 38.05.035(e). **The director shall provide**
19 **notice of the lease renewal decision.** A lease under

20 **(1)** this section, AS 38.05.075, or 38.05.810 may be renewed only once
21 for a term not longer than the initial term of the lease; **and**

22 **(2) AS 38.05.084 may be renewed for a term not longer than 20**
23 **years** [. THE DIRECTOR SHALL PROVIDE NOTICE OF THE LEASE RENEWAL
24 DECISION].

25 * **Sec. 9.** AS 38.05.081(a) is amended to read:

26 (a) The commissioner may lease state land for carbon management purposes.
27 However, the commissioner may exclude from consideration land for which a person
28 has submitted a lease application under AS 38.05.083 **or 38.05.084** if the
29 commissioner finds that excluding the land from consideration is in the public interest.
30 A lease agreement under this section must include land use restrictions and
31 authorizations consistent with the carbon management purpose of the lease.

1 * **Sec. 10.** AS 38.05.081(c) is amended to read:

2 (c) Upon receiving an application to use state land for carbon management
3 purposes, unless the land applied for is excluded from consideration by the
4 commissioner under (a) of this section, the department shall solicit competitive
5 interest by issuing a public notice in the manner prescribed in AS 38.05.945. The
6 notice must contain an announcement seeking competitive interest. If competing
7 carbon management applications are received following notice, the applications will
8 be awarded under (d) of this section. In addition to issuing notice under AS 38.05.945,
9 the department shall provide public notice of an application received under this section
10 to a person leasing, or who has applied to lease, land under AS 38.05.083 or 38.05.084
11 that is within 25 miles of the land proposed for lease in the application received under
12 this section.

13 * **Sec. 11.** AS 38.05 is amended by adding a new section to read:

14 **Sec. 38.05.084. Agricultural leases.** (a) The commissioner, after consulting
15 with the Board of Agriculture and Conservation, may provide for the lease of land
16 classified under AS 38.05.020(b)(6) for agricultural purposes. The commissioner may
17 offer agricultural land for lease to the public at public auction, by sealed bid under
18 AS 38.05.075, by negotiation under AS 38.05.070, or as provided in this section.
19 Money from the lease of agricultural land shall be separately accounted for and may
20 be appropriated to the agricultural revolving loan fund (AS 03.10.040). A parcel
21 leased under this section

22 (1) must be used for agricultural purposes;

23 (2) may not be less than five acres or more than 320 acres in total.

24 (b) A person may apply to lease state land for an agricultural purpose under
25 this section by submitting an application to the department. An application to lease
26 agricultural land must include

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

29 (2) a detailed summary of the proposed agricultural purposes the land
30 will be used for and a description of likely agricultural production from the leased land
31 under the proposal; and

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

3 (c) Upon receiving an application to lease state land for agricultural purposes
4 under this section, the department shall solicit competitive interest by issuing a public
5 notice in the manner prescribed in AS 38.05.945. The notice must contain an
6 announcement seeking competitive interest. If competing applications are received
7 following notice, the commissioner will award the lease under (d) of this section.

8 (d) If the director receives two or more applications for the same land, the
9 director shall consider reasonable factors in awarding the lease, including proposed
10 monetary consideration, the value to the state, the potential agricultural production
11 from the proposed uses of the land, and any additional requirement established by the
12 department in regulation. If one or more applicants have proposed different
13 agricultural uses for a parcel or tract of land, the director shall consider each
14 applicant's proposal and select the proposal the commissioner determines is likely to
15 make a greater contribution to agricultural production in the state notwithstanding the
16 proposed monetary consideration. An application for the lease of state land under this
17 section, including supporting documentation submitted to the department for review,
18 is a public record subject to AS 40.25.110 - 40.25.220. An aggrieved applicant may
19 appeal to the commissioner for a review of the director's determination within 20 days
20 after receiving notice of the determination.

21 (e) Before entering into a lease of agricultural land under this section, the
22 director must

23 (1) evaluate information received during a solicitation of competitive
24 interest under (c) of this section; and

25 (2) find under AS 38.05.035(e) that leasing the land for the proposed
26 agricultural purpose is in the best interests of the state; the findings must include

27 (A) the reasonably foreseeable agricultural production from the
28 lease;

29 (B) anticipated annual revenue that the lease will yield to the
30 state;

31 (C) the value of the land's potential agricultural production to

1 the state; and

2 (D) a summary of public comments received in response to the
3 solicitation of competitive interest required under (c) of this section and the
4 department's response to those comments.

5 (f) Before a final decision to lease agricultural land under this section, the
6 commissioner may hold a hearing to take testimony and shall

7 (1) provide notice and allow opportunity for comment in accordance
8 with AS 38.05.945; and

9 (2) consider all relevant comments or testimony received under this
10 section, AS 38.05.945, and 38.05.946.

11 (g) The commissioner may deny an application if the commissioner
12 determines that the best interests of the state justify this action. If the commissioner
13 rejects an application for issuance of a lease of agricultural land, the commissioner
14 shall provide the applicant with written findings stating the reasons for the rejection.

15 (h) A parcel of land leased under this section is subject to appraisal under
16 AS 38.05.840 only if the commissioner determines in writing that the parcel is subject
17 to appraisal under AS 38.05.840.

18 (i) Subject to (a)(1) of this section, a person leasing land under this section
19 may sublease or assign the leased land under AS 38.05.095.

20 (j) Before issuing a lease under this section, the commissioner shall require the
21 lessee to post a performance bond or provide other security to ensure compliance with
22 the terms of the lease, including restoration of the land in the event of abandonment.

23 (k) The commissioner shall adopt regulations establishing criteria for the
24 issuance, denial, and renewal of leases of agricultural land and for limiting the amount
25 of agricultural land leased in an area to protect environmental and natural resources
26 and community interests. The regulations must provide for the consideration of
27 whether the proposed use of a parcel of agricultural land is compatible with the
28 traditional and existing uses of the area in which the parcel is located.

29 (l) When not in conflict with this section, the provisions of AS 38.05.070 -
30 38.05.105 apply to leases under this section.

31 (m) The commissioner shall adopt regulations establishing a lease-purchase

1 program under which, if a lessee purchases leased land under AS 38.05.059, the sale
 2 price of the land may be reduced by an amount equal to a portion of the lessee's lease
 3 payments made to the state. The regulations must require that the lessee have used the
 4 land for agricultural purposes during the lessee's tenancy to qualify for the program.

5 (n) This section does not affect the disposal of minerals under AS 38.05.135 -
 6 38.05.183.

7 (o) A parcel leased under this section is subject to survey under AS 38.04.045
 8 only if the commissioner determines in writing that the parcel is subject to survey
 9 under AS 38.04.045.

10 * **Sec. 12.** AS 38.05.102 is amended to read:

11 **Sec. 38.05.102. Lessee preference.** Except for a lease under AS 38.05.081, or
 12 38.05.083, or 38.05.084 if land within a leasehold created under AS 38.05.070 -
 13 38.05.105 is offered for sale or long-term lease at the termination of the existing
 14 leasehold, the director may, upon a finding that it is in the best interest of the state,
 15 allow a holder in good standing of the existing leasehold to purchase or lease the land
 16 for its appraised fair market value at the time of the sale or long-term lease. **If land**
 17 **within a leasehold created under AS 38.05.084 is offered for sale at the**
 18 **termination of the existing leasehold, the director may, upon a finding that it is in**
 19 **the best interest of the state, allow a holder of the lease to purchase the land**
 20 **under AS 38.05.059.**

21 * **Sec. 13.** AS 38.05.102 is amended by adding a new subsection to read:

22 (b) A lessee under AS 38.05.084 may apply to purchase the leased agricultural
 23 land from the department under AS 38.05.059. The commissioner shall establish in
 24 regulation the length of time a lessee of a parcel or tract of agricultural land under
 25 AS 38.05.084 must use the land for agricultural purposes before the lessee is eligible
 26 to purchase the land. If the commissioner finds that a lessee has used the leased land
 27 for agricultural purposes for the length of time prescribed in regulation, the
 28 commissioner shall notify the lessee and the lessee may apply to purchase the land
 29 under AS 38.05.059. However, the director may not accept a proposal to purchase
 30 leased land under AS 38.05.059 from a lessee who is otherwise qualified under this
 31 subsection if the lessee is not currently using the leased land for agricultural purposes.

1 * **Sec. 14.** AS 38.05.965 is amended by adding a new paragraph to read:

2 (29) "agricultural purposes" includes

3 (A) the commercial production or processing of crops,
4 livestock, or livestock products;

5 (B) dairying;

6 (C) the operation of greenhouses and hydroponic facilities for
7 the production of agricultural crops;

8 (D) the production, cultivation, rotation, fertilization, growing,
9 harvesting, storage, packaging, and preservation of an agricultural,
10 floricultural, apicultural, or horticultural crop or commodity;

11 (E) soil and land improvements that enhance the agricultural
12 productivity of the land;

13 (F) agricultural-tourism activities, including farm tours,
14 educational programs, and on-site marketing of agricultural products.

15 * **Sec. 15.** AS 38.05.069(f)(2) and 38.05.321(j) are repealed.

16 * **Sec. 16.** This Act takes effect July 1, 2026.