

**SENATE BILL NO. 224**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/23/26

Referred: Resources, Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to state land; relating to contracts for the sale and lease of state land;**  
2 **relating to commercial development parks; and providing for an effective date."**

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

4 **\* Section 1.** AS 38.04.045(b) is amended to read:

5 (b) Before the issuance of [A LONG-TERM LEASE UNDER AS 38.05.070  
6 OR OF] a patent for state land, an official cadastral survey shall be accomplished,  
7 unless a comparable, approved survey exists that has been conducted by the federal  
8 Bureau of Land Management. Before land may be offered under AS 38.08 or  
9 AS 38.09, or before land may be offered under AS 38.05.055 or 38.05.057, except  
10 land that is classified for agricultural uses, an official rectangular survey grid shall be  
11 established. The rectangular survey section corner positions shall be monumented and  
12 shown on a cadastral survey plat approved by the state. For those areas where the state  
13 may wish to convey surface estate outside of an official rectangular survey grid, the  
14 commissioner may waive monumentation of individual section corner positions and

1 substitute an official control survey with control points being monumented and shown  
 2 on control survey plats approved by the state. The commissioner may not issue more  
 3 than one conveyance for each section within a township outside of an official  
 4 rectangular survey grid. Land to be conveyed may not be located more than two miles  
 5 from an official survey control monument except that the commissioner may waive  
 6 this requirement on a determination that a single purpose use does not justify the  
 7 requirement if the existing status of the land is known with reasonable certainty. The  
 8 lots and tracts in state subdivisions shall be monumented and the cadastral survey and  
 9 plats for the subdivision shall be approved by the state. Where land is located within a  
 10 municipality with planning, platting, and zoning powers, plats for state subdivisions  
 11 shall comply with local ordinances and regulations in the same manner and to the  
 12 same extent as plats for subdivisions by other landowners. State subdivisions shall be  
 13 filed and recorded in the district recorder's office. The requirements of this section do  
 14 not apply to land made available for material sales, for short-term leases, for parcels  
 15 adjoining a surveyed right-of-way, or for land that has been open to random staking  
 16 under the homestead program in the past; however, for short-term leases, the lessee  
 17 shall comply with local subdivision ordinances unless waived by the municipality  
 18 under procedures specified by ordinance. In this subsection, "a single purpose use"  
 19 includes a communication site, an aid to navigation, and a park site.

20 \* **Sec. 2.** AS 38.04.045 is amended by adding a new subsection to read:

21 (c) The commissioner may require an official cadastral survey under (b) of  
 22 this section before issuance of a long-term lease under AS 38.05.070 or 38.05.400.

23 \* **Sec. 3.** AS 38.05.055 is amended to read:

24 **Sec. 38.05.055. Auction sale or sealed bid procedures.** Unless another  
 25 method of sale is allowed [REQUIRED] under this chapter, AS 38.08, or AS 38.09,  
 26 the sale of state land shall be made at public auction or by sealed bid, at the discretion  
 27 of the director, to the highest qualified bidder as determined by the director. The  
 28 director may accept bids and sell state land under this section at not less than 70  
 29 percent of the appraised fair market value of the land. [TO QUALIFY TO  
 30 PARTICIPATE UNDER THIS SECTION IN A PUBLIC AUCTION OR SALE BY  
 31 SEALED BID OF STATE LAND THAT IS OTHER THAN COMMERCIAL,

1 INDUSTRIAL, OR AGRICULTURAL LAND, A BIDDER SHALL HAVE BEEN A  
 2 RESIDENT OF THE STATE FOR AT LEAST ONE YEAR IMMEDIATELY  
 3 PRECEDING THE DATE OF THE SALE AND SUBMIT PROOF OF THAT FACT,  
 4 AS THE COMMISSIONER REQUIRES BY REGULATION.] A bidder may be  
 5 represented by an attorney or agent at a public auction. [AN AGGRIEVED BIDDER  
 6 MAY APPEAL TO THE COMMISSIONER WITHIN FIVE DAYS AFTER THE  
 7 SALE FOR A REVIEW OF THE DIRECTOR'S DETERMINATION. THE SALE  
 8 SHALL BE CONDUCTED BY THE DIRECTOR, AND, AT THE TIME OF SALE,  
 9 THE SUCCESSFUL BIDDER SHALL DEPOSIT AN AMOUNT EQUAL TO FIVE  
 10 PERCENT OF THE PURCHASE PRICE. THE DIRECTOR SHALL  
 11 IMMEDIATELY ISSUE A RECEIPT CONTAINING A DESCRIPTION OF THE  
 12 LAND OR PROPERTY PURCHASED, THE PRICE BID, AND THE AMOUNT  
 13 DEPOSITED. THE RECEIPT SHALL BE ACKNOWLEDGED IN WRITING BY  
 14 THE BIDDER.]

15 \* **Sec. 4.** AS 38.05.055 is amended by adding new subsections to read:

16 (b) To qualify to participate in a public auction or sale by sealed bid of state  
 17 land under this section that is not commercial, industrial, or agricultural land, a bidder  
 18 must be a resident of the state for at least one year immediately preceding the date of  
 19 sale and submit proof of residency as required by the commissioner in regulation.

20 (c) The director shall conduct a sale under this section. The successful bidder  
 21 at a public auction and every bidder for a sealed bid shall provide an earnest money  
 22 deposit in an amount of at least five percent of the bid amount. The director shall issue  
 23 a receipt to a successful bidder no later than 10 days after the public auction or sale by  
 24 sealed bid. The receipt will contain a description of the land or property purchased, the  
 25 bid price, and the amount of the deposit. If a successful bidder fails to enter into a  
 26 contract to purchase, five percent of the bid amount shall be forfeited to the state.

27 (d) An aggrieved bidder may appeal a decision of the director under this  
 28 section to the commissioner within five days of the decision.

29 \* **Sec. 5.** AS 38.05.065(a) is amended to read:

30 (a) A [THE] contract of sale for land, **an interest in land, or property** sold  
 31 **under this chapter, including under AS 38.05.057, may provide for** [AT PUBLIC

1 AUCTION OR BY SEALED BID UNDER AS 38.05.055 SHALL REQUIRE] the  
 2 remainder of the purchase price to be paid in monthly, quarterly, or annual  
 3 installments over a period of not more than **30** [20] years, with interest at the rate  
 4 provided in (i) of this section. Installment payments plus interest shall be set on the  
 5 level-payment basis.

6 \* **Sec. 6.** AS 38.05.065(c) is amended to read:

7 (c) The director shall, for contracts under (a) [, (b),] or (h) of this section, set  
 8 out in the contract for each sale the period for the payment of installments and the total  
 9 purchase price plus interest. The director, with the consent of the commissioner, may  
 10 also include in contracts under this section conditions, limitations, and terms  
 11 considered necessary and proper to protect the interest of the state. Violations of any  
 12 provision of this chapter or the terms of the contract of sale subject the purchaser to  
 13 appropriate administrative and legal action, including but not limited to specific  
 14 performance, **termination** [FORECLOSURE], ejectment, or other legal remedies in  
 15 accordance with applicable state law.

16 \* **Sec. 7.** AS 38.05.065(d) is amended to read:

17 (d) If a contract for a sale of state land has been breached, the director may  
 18 issue a decision to [FORECLOSE AND] terminate the contract at any time 31 days  
 19 after delivering by certified mail a written notice of the breach to the address of record  
 20 of the purchaser. A breach caused by the failure to make payments required by the  
 21 contract may be cured within 30 days after the notice of the breach has been received  
 22 by the purchaser by payment of the sum in default together with the larger of a fee of  
 23 \$50 or five percent of the sum in default. If there are material facts in dispute between  
 24 the state and the purchaser, the purchaser may submit a written request for a public  
 25 hearing for the review of the facts within 30 days after the notice of the breach has  
 26 been received.

27 \* **Sec. 8.** AS 38.05.065(e) is amended to read:

28 (e) On a determination that there has been a breach of the contract based on  
 29 the administrative record and the evidence presented at a hearing, **if requested**, the  
 30 director shall issue a decision [FORECLOSING THE INTEREST OF THE  
 31 PURCHASER AND] terminating the contract. The obligation to make payments

1 under the contract continues through the date of the **director's** decision to **terminate**  
 2 **the contract** [FORECLOSE BY THE DIRECTOR].

3 \* **Sec. 9.** AS 38.05.065(f) is amended to read:

4 (f) The director shall deliver the decision to [FORECLOSE AND] **terminate**  
 5 **the contract** personally to the purchaser or send it certified mail, return receipt  
 6 requested, to the address of record of the purchaser. If the breach is a failure to make  
 7 payments required by the contract, the decision shall include a notice to the purchaser  
 8 that if within 30 days the purchaser pays to the state the full amount of the unpaid  
 9 contract price, including all accrued interest, and any fees assessed under (d) of this  
 10 section, the department shall issue to the purchaser a deed to the land. If full payment  
 11 is not made within 30 days or the breach is for other than failure to make payment, the  
 12 decision [FORECLOSES AND] terminates all legal and equitable rights the purchaser  
 13 has in the land.

14 \* **Sec. 10.** AS 38.05.065(h) is amended to read:

15 (h) The commissioner, after consulting with the commissioner of agriculture,  
 16 (1) shall provide that, notwithstanding (a) [AND (b)] of this section, in  
 17 a contract for the sale of land classified under AS 38.05.020(b)(6) for agricultural  
 18 uses, the interest rate to be charged on installment payments may not exceed 9.5  
 19 percent; and

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

23 (A) the commissioner determines that the moratorium is in the  
 24 best interest of the state;

25 (B) the commissioner certifies and the contract purchaser  
 26 agrees to perform farm development, crop production, and harvesting, not  
 27 including land clearing or related activity, requiring the expenditure of  
 28 amounts equivalent to the payments that would otherwise be made during the  
 29 moratorium;

30 (C) the sale of the agricultural land takes place after July 1,  
 31 1979; and

1 (D) the contract purchaser is in compliance with the  
 2 development plan specified in the purchase contract at the time the purchaser  
 3 applies for a moratorium under this paragraph and remains in compliance with  
 4 the development plan during the moratorium; for the payments subject to the  
 5 moratorium declared under this paragraph, interest payments are subject to the  
 6 moratorium but interest continues to accrue during the moratorium.

7 \* **Sec. 11.** AS 38.05.065 is amended by adding new subsections to read:

8 (j) If a sale of state land is to be made by means other than as prescribed by  
 9 AS 38.05.055, the director shall require a person applying to purchase land, interest in  
 10 land, or property to submit an earnest money deposit of at least five percent of the  
 11 purchase price with the application for the contract to purchase. The earnest money  
 12 deposit shall be applied toward the purchase price. If the applicant fails to enter into a  
 13 contract to purchase or defaults in the payment of the purchase price, five percent of  
 14 the purchase price shall be forfeited to the state.

15 (k) Notwithstanding (a) of this section, the commissioner may, on a best  
 16 interest finding, determine that the purchase price for a parcel of land with existing  
 17 improvements valued at greater than \$10,000 must be paid in full within 120 days of  
 18 sale.

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

20 (a) Except as provided in AS 38.05.035, 38.05.070, 38.05.073, 38.05.081,  
 21 38.05.082, 38.05.083, 38.05.087, 38.05.102, **38.05.400**, 38.05.565, 38.05.600,  
 22 38.05.810, and this section, when competitive interest has been demonstrated or the  
 23 commissioner determines that it is in the state's best interests, leasing shall be made at  
 24 public auction or by sealed bid, at the discretion of the director, to the highest qualified  
 25 bidder as determined by the commissioner. A bidder may be represented by an  
 26 attorney or agent at a public auction. In the public notice of a lease to be offered at  
 27 public auction or by sealed bid, the commissioner shall specify a minimum acceptable  
 28 bid and the lease compensation method. The lease compensation method shall be  
 29 designed to maximize the **benefit of** [RETURN ON] the lease to the state,  
 30 **considering its economic benefit**, and shall be a form of compensation set out in  
 31 AS 38.05.073(m). An aggrieved bidder may appeal to the commissioner within five

1 days for a review of the determination. The leasing shall be conducted by the  
 2 commissioner, and the successful bidder shall deposit at the public auction or with the  
 3 sealed bid the first year's rental or other lease compensation as specified by the  
 4 commissioner, or that portion of it that the commissioner requires in accordance with  
 5 the bid. The commissioner shall require, under AS 38.05.860, qualified bidders to  
 6 deposit a sum equal to any survey or appraisal costs reasonably incurred by another  
 7 qualified bidder acting in accordance with the regulations of the commissioner or  
 8 incurred by the department under AS 38.04.045 and AS 38.05.840. If a bidder making  
 9 a deposit of survey or appraisal costs is determined by the commissioner to be the  
 10 highest qualified bidder under this subsection, the deposit shall be paid to the  
 11 unsuccessful bidder who incurred those costs or to the department if the department  
 12 incurred the costs. All costs for survey and appraisal shall be approved in advance in  
 13 writing by the commissioner. The commissioner shall immediately issue a receipt  
 14 containing a description of the land or interest leased, the price bid, and the terms of  
 15 the lease to the successful qualified bidder. If the receipt is not accepted in writing by  
 16 the bidder under this subsection, the commissioner may offer the land for lease again  
 17 under this subsection. A lease, on a form approved by the attorney general, shall be  
 18 signed by the successful bidder and by the commissioner.

19 \* **Sec. 13.** AS 38.05.075(f) is amended to read:

20 (f) If, after completion of the procedures required by (e) of this section, the  
 21 commissioner determines that there is only one qualified bidder, the commissioner  
 22 may issue a lease without competitive bidding at the approved, appraised market value  
 23 of the land determined under AS 38.05.840 or by another form of lease compensation  
 24 specified by the commissioner from among those set out in AS 38.05.073(m) and  
 25 designed to maximize the **benefit of** [RETURN ON] the lease to the state. The  
 26 commissioner may establish terms and conditions for entry to the land pending survey  
 27 and appraisal of the land. The commissioner shall issue the lease as soon as is  
 28 practicable following the survey and appraisal of the land subject to the provisions of  
 29 AS 38.05.035(e).

30 \* **Sec. 14.** AS 38.05 is amended by adding a new section to read:

31 **Article 13: Economic Development on State Land.**

1           **Sec. 38.05.400. Commercial development parks.** (a) For purposes of  
2 stimulating economic development in the state, the department may designate state  
3 land identified under (b) of this section as a commercial development park and dispose  
4 of the land by lease or sale as provided in this section.

5           (b) After public notice under AS 38.05.945 and a finding under  
6 AS 38.05.035(e) that the designation is in the best interest of the state, the department  
7 may designate suitable land as a commercial development park from the following  
8 categories:

9                   (1) state land identified or nominated as a qualified opportunity zone  
10 under 26 U.S.C. 1400Z-1 and 1400Z-2;

11                   (2) state land nominated by a person;

12                   (3) any other state land the commissioner deems appropriate for  
13 commercial development.

14           (c) Land in a commercial development park designated under (b) of this  
15 section may be leased or sold without further notice or a finding under  
16 AS 38.05.035(e).

17           (d) The department may lease all or part of a commercial development park to  
18 a person who intends to conduct business on the parcel for a period not to exceed 55  
19 years and may offer to a lessee in good standing an option to renew for one additional  
20 period. The terms of a lease under this section must require that the lessee operate a  
21 business on the leased parcel during the entire period of the lease and provide for  
22 performance benchmarks. A lessee may not assign the lease or sublease without the  
23 written authorization of the department.

24           (e) The department may terminate a lease prior to the expiration based on a  
25 determination that the lessee has breached any material term. On expiration of the  
26 term of a lease or the termination of the lease before expiration, improvements to or  
27 personal property on the land subject to the lease shall be managed in the manner  
28 required by AS 38.05.090.

29           (f) A lessee in good standing shall have an option to purchase all or a portion  
30 of the leased parcel at any time prior to expiration of the lease. Lease payments shall  
31 be credited toward the purchase price.



1 (g) The department may sell all or part of a commercial development park to a  
 2 person who intends to conduct business on the parcel. The department shall retain a  
 3 reversionary interest in a parcel sold under this subsection in the event that the parcel  
 4 should ever cease to be used for business purposes, except that the department may  
 5 waive the reversionary interest on a written determination that the waiver is in the  
 6 public interest.

7 (h) The department shall establish compensation for a lease or sale under this  
 8 section to obtain a fair return to the state, considering the economic benefit to the state.

9 (i) If more than one person offers to lease or purchase the same parcel within a  
 10 commercial development park, the department shall lease or sell the parcel to the  
 11 person and on the terms that the department determines are most conducive to  
 12 economic development in the state

13 (j) The department shall adopt regulations under AS 44.62 (Administrative  
 14 Procedure Act) to implement this section. Regulations adopted to implement this  
 15 section must, at a minimum, establish criteria that the department will apply to  
 16 determine

17 (1) whether the designation of state land as a commercial development  
 18 park under (b) of this section is in the state's best interest;

19 (2) the level of compensation under (h) of this section, by offsetting  
 20 the fair market value of the parcel based on the economic benefit to the state from the  
 21 activities conducted on the premises; and

22 (3) which offer to lease or purchase under (i) of this section is most  
 23 conducive to the economic development of the state.

24 \* **Sec. 15.** AS 38.05.965 is amended by adding new paragraphs to read:

25 (29) "good standing" means a person is in substantial compliance with  
 26 all material requirements and stipulations of every authorization issued by the  
 27 department for the benefit of the person or has submitted a plan approved by the  
 28 department to come into compliance;

29 (30) "public auction" means a public oral outcry auction or a public  
 30 online auction.

31 \* **Sec. 16.** AS 16.20.030(a)(8), 16.20.030(a)(9); AS 38.05.065(b); AS 41.21.518, 41.21.520,

- 1 and 41.21.522 are repealed.
- 2 \* **Sec. 17.** Sections 2, 3, and 4, ch. 132, SLA 1992, are repealed.
- 3 \* **Sec. 18.** This Act takes effect January 1, 2027.