

Original sponsors: Parr, Brown  
and Cowper

Offered: 3/8/78  
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 133 (Finance) am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to selection and transfer of state  
7 land to municipalities; and providing for an effective  
8 date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 \* Section 1. STATEMENT OF PURPOSE. The purposes of this Act are to  
11 remove uncertainties in the existing municipal land selection law of the  
12 state; to provide for an immediate, final determination and settlement of  
13 municipal land entitlement; to provide for the completion of rational owner-  
14 ship patterns for sound land management; to provide for expeditious patent of  
15 land to municipalities to fulfill their respective entitlements; and to  
16 provide payment in lieu of land to certain municipalities unable to exercise  
17 full entitlement rights to assist in meeting costs of acquisition of land to  
18 meet public needs.

19 \* Sec. 2. AS 29.18 is amended by adding new sections to read:

20 ARTICLE 3A. GENERAL GRANT LAND.

21 Sec. 29.18.201. DETERMINATION OF ENTITLEMENT OF BOROUGH AND  
22 UNIFIED MUNICIPALITIES. The general grant land entitlement of each of  
23 the municipalities in this section is the amount set out opposite each:

- 24 (1) Municipality of Anchorage -- 20,865 acres;  
25 (2) City and Borough of Juneau -- 440 acres;  
26 (3) City and Borough of Sitka -- 25 acres;  
27 (4) Bristol Bay Borough -- 1,940 acres;  
28 (5) Fairbanks-North Star Borough -- 112,000 acres;  
29 (6) Haines Borough -- 1,080 acres;

- 1 (7) Kenai Peninsula Borough -- 155,780 acres;
- 2 (8) Ketchikan Gateway Borough -- 295 acres;
- 3 (9) Kodiak Island Borough -- 45,200 acres;
- 4 (10) Matanuska-Susitna Borough -- 355,210 acres;
- 5 (11) North Slope Borough -- 645 acres.

6 Sec. 29.18.202. IN-LIEU ENTITLEMENTS FOR CERTAIN BOROUGHS AND UNI-  
7 FIED MUNICIPALITIES. (a) The general grant land entitlement of each of  
8 the municipalities in this subsection is the amount set out opposite each:

- 9 (1) Municipality of Anchorage -- 90,863 acres;
- 10 (2) City and Borough of Juneau -- 19,584 acres;
- 11 (3) City and Borough of Sitka -- 11,593 acres;
- 12 (4) Bristol Bay Borough -- 2,898 acres;
- 13 (5) Haines Borough -- 3,985 acres;
- 14 (6) Ketchikan Gateway Borough -- 11,593 acres;
- 15 (7) North Slope Borough -- 89,850 acres;

16 (b) A municipality listed in (a) of this section may elect an  
17 entitlement under this section in lieu of the benefits provided in sec.  
18 201 of this chapter. Election of the benefits of this section shall be  
19 made by the municipality within 60 days of the date on which written  
20 notice from the director of the requirements of the election is actually  
21 received by the municipality.

22 (c) The entitlement to be provided to each municipality designated  
23 in (a) of this section which elects the land benefits of this section  
24 becomes effective on the day following receipt by the director of

25 (1) a copy of an ordinance which provides for the disposition  
26 of municipal land to private ownership for residential and commercial  
27 purposes and which limits disposition of land under this section to one  
28 parcel per person; and

29 (2) a notice from the municipality that, in accordance with

1 the provisions of the ordinance adopted under (1) of this subsection,  
2 not less than 30 per cent of the total amount by which the entitlement  
3 to be provided the municipality under (a) of this section exceeds the  
4 entitlement determined in sec. 201 of this chapter is committed to dis-  
5 posal to private ownership.

6 (d) Adoption of an ordinance by a municipality under this subsec-  
7 tion is a prerequisite to conveyance of title to all or any portion of  
8 an entitlement by the director under sec. 207 of this chapter. Each  
9 ordinance adopted under this subsection shall

10 (1) provide that disposal of suitable land which the munici-  
11 pality will receive shall be offered for sale for residential purposes  
12 by the municipality, or by the grantee of the municipality in accordance  
13 with covenants or agreements for the purpose, in parcels not larger  
14 than two and one-half acres, except that parcels may be larger than two  
15 and one-half acres if necessary to conform to physical conditions or to  
16 maximize opportunities for residential use;

17 (2) contain a schedule indicating the amount and location of  
18 acreage expected to be received and indicating the portion of the acre-  
19 age which the municipality will make available for sale to the public  
20 and the anticipated date or dates, terms and conditions of that sale;  
21 and

22 (3) include a determination of the governing body of the  
23 municipality indicating the manner in which the provisions of the ordi-  
24 nance fulfill or partially fulfill the obligation of the municipality  
25 under (c)(2) of this section and set out the balance of the acreage re-  
26 quired to satisfy that obligation.

27 (e) The requirements of (c) and (d) of this section shall be  
28 waived by the director as to a home rule municipality which manifestly  
29 demonstrates that a commitment of acreage to residential or commercial

1 purposes required by this section as a condition of election of an  
2 entitlement

3 (1) is not possible because of the absence of available  
4 acreage to meet the requirements of (c)(2) of this section; or

5 (2) would materially increase costs of services provided by  
6 the municipality beyond the reasonable capability of the municipality to  
7 meet.

8 Sec. 29.18.203. DETERMINATION OF ENTITLEMENT FOR CITIES. (a) The  
9 general grant land entitlement of a city eligible to receive general  
10 grant land under the former provisions of secs. 190 - 200 of this chap-  
11 ter repealed by this Act is 10 per cent of the maximum total acreage of  
12 vacant, unappropriated, unreserved land within the boundaries of each  
13 city at any time between the initial date of eligibility under former  
14 secs. 190 - 200 of this chapter and the effective date of this Act.

15 (b) Within six months of the effective date of this Act, the  
16 director shall determine the entitlement for each city eligible to  
17 receive general grant land under (a) of this section and certify that  
18 entitlement to the city.

19 Sec. 29.18.204. STATUS OF ENTITLEMENTS. (a) General grant land  
20 entitlements provided in secs. 201 - 203 of this chapter constitute  
21 vested property rights which shall be fulfilled as provided in sec. 205  
22 or sec. 208 of this chapter, but no municipal selection vests any inter-  
23 est in or right to receive a particular tract of land except as provided  
24 by sec. 205 of this chapter.

25 (b) General grant land entitlements vested under secs. 201 - 203  
26 of this chapter may be exercised at any time before the date which is  
27 two years after the expiration of the state's right to make selections  
28 under secs. 6(a) or (b) of the Alaska Statehood Act (P.L. 85-508);  
29 however, the time limitation imposed by this subsection does not apply

1 to payments in lieu of land under sec. 208 of this chapter.

2 Sec. 29.18.205. FULFILLMENT OF LAND ENTITLEMENTS. (a) The acre-  
3 age of each municipality's land selections under former secs. 190 - 200  
4 of this chapter for which patent has been issued before the effective  
5 date of this Act shall be credited toward fulfillment of the entitlement  
6 of that municipality.

7 (b) All approved selections under former secs. 190 - 200 of this  
8 chapter for which patent has not been issued to a municipality on the  
9 effective date of this Act shall be reviewed by the director within nine  
10 months of the effective date of this Act. Any approved selection of  
11 land which was vacant, unappropriated or unreserved on the date of  
12 selection is valid as of the date of the approval under the former secs.  
13 190 - 200 of this chapter, and a patent shall be issued to the munici-  
14 pality within three months after approval by the director of a plat of  
15 survey. The acreage shall be credited toward fulfillment of the munici-  
16 pality's entitlement. No municipality is entitled to receive patent  
17 under this chapter to more than its entitlement determined under secs.  
18 201 - 203 of this chapter. Any prior approval by the director of muni-  
19 cipal selections for land which was not vacant, unappropriated or un-  
20 reserved on the date of selection shall be rescinded, and patent may not  
21 be issued except when disposal to a third party by sale or lease has  
22 occurred. Transfers of land to municipalities under this chapter are  
23 subject to AS 38.05.321. Classification actions as reflected upon the  
24 land status records of the Department of Natural Resources are deter-  
25 minative of land classification status for purposes of this chapter.

26 (c) All municipal land selections under former secs. 190 - 200 of  
27 this chapter not approved as of the effective date of this Act shall be  
28 recognized by the director as representing the priority interests of the  
29 municipalities, and the selections shall be given first consideration

1 under (e) of this section unless the municipality indicates different  
2 priorities.

3 (d) On the effective date of this Act and for five years there-  
4 after, no classification of a parcel of general grant land in excess of  
5 3,200 acres under AS 38.05.300 shall be effective, unless otherwise  
6 required by law, if the municipality in which the parcel is located,  
7 within 30 days after receipt of notice of the proposed classification,  
8 advises the director in writing that it does not consent to the classi-  
9 fication and indicates the reasons for its nonconsent. This subsection  
10 applies only to land to which the state has received patent from the  
11 federal government prior to the effective date of this Act.

12 (e) Each eligible municipality and the director shall jointly  
13 consider which vacant, unappropriated, unreserved land, including feder-  
14 al land of interest to a municipality which may be selected by the state  
15 as general grant land, located within the boundaries of the munici-  
16 pality, is appropriate for municipal selection and approval by the  
17 director to fulfill any remaining municipal general grant land entitle-  
18 ment. Adjacent tracts shall be considered simultaneously except when  
19 such simultaneous consideration would cause significant delay or expense.  
20 Once a tract has been jointly considered, it may be selected by a  
21 municipality.

22 (f) Each selection shall be approved for patent by the director  
23 within nine months of its selection by a municipality, and a patent  
24 shall be issued to the municipality within three months after approval  
25 by the director of a plat of survey.

26 (g) A municipality may appeal an adverse decision by the director  
27 to the superior court under AS 44.62.560 - 44.62.570.

28 Sec. 29.18.206. SCHOOL, UNIVERSITY AND MENTAL HEALTH LAND. (a) A  
29 municipality may select vacant school, university or mental health land  
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1 within the municipality in partial fulfillment of its land entitlement  
2 under this chapter. School, university or mental health land may be  
3 selected notwithstanding the fact that these lands are not unappro-  
4 priated and unreserved within the meaning of this chapter and secs. 190  
5 and 200 of this chapter, repealed by this Act, but each selection of  
6 school, university or mental health land by a municipality must be  
7 vacant, unappropriated, or unreserved land as defined in this chapter,  
8 except that it need not be general grant land.

9 (b) The acreage of school, university or mental health land, if  
10 any, within a municipality may not be included in the determination of  
11 entitlement under secs. 201 - 203 of this chapter.

12 (c) Upon receipt of a selection by a municipality of school,  
13 university or mental health land, the director shall determine whether  
14 the land selection should be approved. Land approved for selection  
15 under this section will be credited against a municipality's remaining  
16 land entitlement under this chapter.

17 (d) No selection of school, university or mental health land may  
18 be approved by the director under this section without the concurrence  
19 of

20 (1) the state Board of Education, for school land;

21 (2) the Board of Regents of the University of Alaska, for  
22 university land; or

23 (3) the members of the mental health land board specified in  
24 AS 38.05.035(13), for mental health land.

25 (e) Within three years after the approval under (d) of this sec-  
26 tion of a municipal selection of school, university or mental health  
27 land, the director, with the concurrence of the respective board, shall  
28 designate appropriate state general grant land of approximately equal  
29 value as school, university or mental health replacement land. The re-

1 placement land shall thereafter be managed for the purposes for which  
2 the land selected by the municipality was acquired by the Territory and  
3 State of Alaska.

4 (f) The notice and review provisions of AS 38.05.305 and 38.05.345  
5 are applicable to the designation of other state land as school, univer-  
6 sity or mental health land in replacement of land selected under this  
7 section. The provisions of AS 38.50 and AS 38.05.032 do not apply to  
8 such designations under this section.

9 Sec. 29.18.207. SELECTION AND CONVEYANCE PROCEDURE. (a) All  
10 municipal selections shall be made in reasonably compact tracts, taking  
11 into account the use capabilities of a tract and its relationship to  
12 surrounding land uses. A selection filed by a municipality which has  
13 not been approved by the director may be relinquished at any time. An  
14 approved selection may be relinquished by a municipality if the relin-  
15 quishment is approved by the director. An approved selection relin-  
16 quished by a municipality increases the remaining entitlement of the  
17 municipality on an acre-for-acre basis.

18 (b) If land selected by a municipality is unsurveyed at the time  
19 of approval, the director shall survey, or may approve the munici-  
20 pality's survey of, the exterior boundaries of an approved selection  
21 without interior subdivision, and shall issue patent in terms of the  
22 exterior boundary survey. The cost of the survey shall be borne by the  
23 municipality. If land selected by a municipality has been surveyed at  
24 the time of its selection, the boundaries shall conform to the public  
25 land subdivisions established by the approved survey.

26 (c) The director may approve municipal selections of land which  
27 has been tentatively approved or patented to the state by the federal  
28 government, but he may not issue patent to a municipality until the land  
29 has first been patented to the state. After approval of a selection by

1 the director, but before patent to a municipality, the municipality may  
2 execute conditional leases and make conditional sales only with the  
3 consent of the director. Conditional sales and conditional leases made  
4 before the effective date of this Act do not require the consent of the  
5 director.

6 (d) Nothing in this chapter affects a valid existing claim, loca-  
7 tion or entry under the laws of the state or the United States whether  
8 for homestead, mineral, right-of-way or other purposes. Nothing in this  
9 chapter affects the rights of an owner, claimant, locater or entryman to  
10 the full use and enjoyment of the land so occupied.

11 Sec. 29.18.208. PAYMENT IN LIEU OF LAND. (a) There is estab-  
12 lished within the general fund the Alaska municipal land account for the  
13 purpose of allowing eligible municipalities to receive payment in lieu  
14 of land entitlements provided in secs. 201 - 203 of this chapter.

15 (b) By August 1 of each year the director shall certify to each  
16 municipality having an entitlement under secs. 201 - 203 of this chapter  
17 the acreage of patented selections, approved selections not yet patent-  
18 ed, pending municipal land selections neither approved nor disapproved  
19 by the director, and the remaining entitlement of the municipality. If  
20 at the time of certification the ratio of the remaining entitlement of  
21 the municipality to the vacant, unappropriated, unreserved land within  
22 the municipality is greater than two to one, or if there are less than  
23 1,000 acres of vacant, unappropriated, unreserved land within the muni-  
24 cipality, the municipality may, at its option, request payment in lieu  
25 of land from the account established in (a) of this section; however, no  
26 payment may be made to the City and Borough of Juneau, the City and  
27 Borough of Sitka or the Ketchikan Gateway Borough under this subsection  
28 until the fiscal year after cumulative appropriations to the account  
29 exceed \$12,000,000 or until the fiscal year beginning July 1, 1985,

1 whichever occurs first.

2 (c) A municipality eligible for payment under this section may, by  
3 October 1 of each fiscal year of eligibility, notify the director of its  
4 election to accept payment in lieu of land from the account. A munici-  
5 pality may accept payment for not more than 15 per cent of its entitle-  
6 ment under secs. 201 - 203 of this chapter, to a maximum of 10,000  
7 acres, in each fiscal year. A municipality which chooses to accept  
8 payment in lieu of land shall be entitled to an amount based on the  
9 cumulative total number of acres of remaining entitlement which it  
10 relinquishes according to the following schedule:

- 11 (1) 10,000 acres or less -- \$1,500 per acre;  
12 (2) 10,001 to 20,000 acres -- \$750 per acre; and  
13 (3) more than 20,000 acres -- \$350 per acre.

14 (d) The governor shall annually submit to the legislature a  
15 request for an appropriation to the account for the municipalities which  
16 have elected to receive payment in lieu of land under this section.

17 (e) If the total appropriation is not sufficient to meet the  
18 amount due to all municipalities which have elected to accept payment in  
19 lieu of land under (c) of this section, the governor shall apportion the  
20 appropriation among the municipalities in proportion to the payment  
21 calculated for each municipality for that year. When a distribution of  
22 payments is made under this subsection, the remaining entitlement of a  
23 municipality to which payment is made shall be reduced in an amount  
24 equal to the number of acres for which payment was received. An appor-  
25 tionment may correspondingly increase the acreage for which a munici-  
26 pality may request payment in a succeeding year, but this increase in  
27 acreage does not authorize a municipality to request payment in lieu of  
28 land of more than 10,000 acres in any one year.

29 (f) The total payment to a municipality under this section may not

1 exceed \$100 per capita for each person resident in the municipality on  
2 the July 1 preceding the effective date of this Act, as determined by  
3 the Department of Community and Regional Affairs.

4 Sec. 29.18.209. AUTHORIZATION FOR LAND EXCHANGES. The director,  
5 with the concurrence of the commissioner, and any municipality are  
6 authorized to exchange land or interests in land when it is in the  
7 public interest. Land or interests in land exchanged under this section  
8 must be of approximately equal value, including the non-monetary value  
9 of public benefits. Exchange procedures shall comply with applicable  
10 law and municipal ordinances. The notice and review provisions of AS  
11 38.05.305 and 38.05.345 are applicable to exchanges of land under this  
12 section. The provisions of AS 38.50 do not apply to exchanges of land  
13 under this section.

14 Sec. 29.18.210. PUBLIC PURPOSE AND EXPANSION NEEDS. (a) Consis-  
15 tent with the best interests of the state, if a municipality does not  
16 contain and cannot reasonably acquire sufficient nonfederal land within  
17 its boundaries to meet its legitimate needs for public or private settle-  
18 ment or development, it shall be the policy of the state to select  
19 federal land reasonably necessary to meet the needs of the municipality  
20 and to make the land selected available to the municipality under AS  
21 38.05.315 or (b) of this section.

22 (b) Where state land is the most logical location for demonstrated  
23 municipal expansion for nonpublic settlement and development purposes,  
24 and when an exchange of land under sec. 209 of this chapter is not  
25 possible or is not in the public interest, it is the policy of the state  
26 to sell or lease the land at public auction. The state may contract  
27 with a municipality to act as its agent in an auction of state land  
28 under applicable statutes. When a municipality acts as the agent of the  
29 state in an auction, the municipality may retain from the proceeds of

1 the auction the expenses which the director determines to be necessary  
2 and reasonable.

3 (c) Nothing in this chapter limits or impairs the authority of the  
4 director to transfer land to municipalities, without limit or considera-  
5 tion, for public purposes in accordance with AS 38.05.315. If there is  
6 a remaining entitlement of the municipality, land transferred under AS  
7 38.05.315 shall be credited toward fulfillment of the entitlement;  
8 however, land conveyed to the state under sec. 12(d)(2) of Public Law  
9 94-204 and subsequently conveyed by the state to a municipality under  
10 secs. 201 - 215 of this chapter or AS 38.05.315 may not be credited  
11 against the municipality's remaining entitlement.

12 Sec. 29.18.211. ELECTION OF BENEFITS. (a) A municipality which  
13 on the effective date of this Act is engaged in litigation, or which  
14 becomes engaged in litigation, regarding a claim to state land under  
15 former secs. 190 - 200 of this chapter shall elect either to obtain the  
16 benefits provided in secs. 201 - 215 of this chapter or to pursue the  
17 litigation and thereby waive any claim to entitlement under secs. 201 -  
18 215 of this chapter. An election shall be made by filing a motion for  
19 dismissal with prejudice in the court in which the litigation is  
20 pending. If the claim involves a municipality identified in secs.  
21 201(a) or 202(a) of this chapter, the municipality shall file its motion  
22 for dismissal within 60 days of the effective date of this Act. If the  
23 claim involves a municipality not listed in secs. 201(a) or 202(a) of  
24 this chapter, the municipality shall file its motion for dismissal  
25 within 60 days after receiving the certificate of entitlement provided  
26 by the director under sec. 203(b) of this chapter. Failure of the  
27 municipality to file a motion for dismissal during the time period  
28 provided in this subsection shall be considered a waiver of entitlement  
29 under secs. 201 - 215 of this chapter.

1 (b) A municipality which was eligible to file land selections  
2 under the former secs. 190 - 200 of this chapter and which does not  
3 enter into litigation over a claim to rights under those sections before  
4 the expiration of the time period within which it could make an election  
5 under (a) of this section shall be considered to have elected to receive  
6 benefits under secs. 201 - 215 of this chapter and to have waived any  
7 claim which might have been raised under former secs. 190 - 200 of this  
8 chapter.

9 (c) The provisions of secs. 201 - 215 of this chapter do not  
10 affect the rights, if any, of any party to litigation regarding the  
11 former AS 29.18.190 - 29.18.200 or 29.18.420, which litigation is main-  
12 tained by a municipality that has elected not to obtain the benefits  
13 provided by secs. 201 - 215 of this chapter.

14 Sec. 29.18.212. ADMINISTRATION. The commissioner may adopt regu-  
15 lations in accordance with the Administrative Procedure Act (AS 44.62)  
16 necessary to carry out the purposes of secs. 201 - 215 of this chapter.

17 Sec. 29.18.213. DEFINITIONS. In secs. 201 - 215 of this chapter,  
18 unless the context otherwise requires,

19 (1) "approved selection" means a municipal land selection  
20 which has been approved in writing by the director for transfer by  
21 patent to a municipality;

22 (2) "director" means the director of the division of lands,  
23 Department of Natural Resources, or his designee;

24 (3) "general grant land" means land patented or tentatively  
25 approved to the state from the United States under secs. 6(a) or (b) of  
26 the Alaska Statehood Act;

27 (4) "mental health land" means land granted under Title II,  
28 sec. 202 of P.L. 84-830, as amended before or after the effective date  
29 of this Act;

1 (5) "municipal land selection" means a request by a munici-  
2 pality, filed in writing with the director under authority of secs.  
3 190 - 200 of this chapter repealed by this Act or under secs. 201 - 215  
4 of this chapter for vacant, unappropriated, unreserved general grant  
5 land within its municipal boundaries in partial fulfillment of its  
6 municipal entitlement;

7 (6) "municipality" means a home rule or general law city or  
8 organized borough of any class, and includes unified municipalities  
9 established under AS 29.68.240 - 29.68.440;

10 (7) "patent" means a document, issued by the director to a  
11 municipality for a previously approved selection, which conveys and  
12 quitclaims all the right, title and interest of the state without reser-  
13 vation or condition except as may be required by law;

14 (8) "remaining entitlement" means the general grant land  
15 entitlement determined in accordance with secs. 201 - 203 of this chap-  
16 ter, reduced by the total acreage of approved selections, including both  
17 patented and unpatented parcels;

18 (9) "school land" means those rectangular sections 16 and 36  
19 within each township surveyed on or before January 3, 1959, and con-  
20 firmed and transferred to the State of Alaska upon its admission under  
21 sec. 6(k), Alaska Statehood Act, 72 Stat. 339, and any other land desig-  
22 nated solely for school revenues;

23 (10) "university land" means all sections 33 reserved to the  
24 university under 38 Stat. 1214, as amended (48 U.S.C. 353) and all land  
25 granted to or reserved for the benefit of the university;

26 (11) "vacant, unappropriated, unreserved land" means general  
27 grant land as defined in (3) of this section, excluding minerals as  
28 required by sec. 6(i) of the Alaska Statehood Act, which

29 (A) has not been set aside by statute for one or more

1 particular uses or purposes;

2 (B) has not been approved for patent to a municipality  
3 under secs. 202 - 218 of this chapter or former secs. 190 - 200 of  
4 this chapter repealed by this Act; or

5 (C) is unclassified or, if classified under AS 38.05.-  
6 300, is classified for agricultural, grazing, commercial, indus-  
7 trial, private recreational, residential, utility or open-to-entry  
8 purposes.

9 \* Sec. 3. AS 38.05.321 is repealed and re-enacted to read:

10 Sec. 38.05.321. RESTRICTION ON SALE, LEASE OR OTHER DISPOSAL OF  
11 AGRICULTURAL AND GRAZING LAND. (a) The sale, lease or other disposal  
12 of state land classified as agricultural or grazing land transfers only  
13 rights for agricultural and grazing purposes, and all other interests in  
14 the land remain with the state unless otherwise required by law.

15 (b) State land classified as agricultural or grazing land which  
16 has been selected by a municipality under AS 29.18.190 - 29.18.200 or  
17 29.18.205(e) may be approved by the director for patent under AS 29.-  
18 18.205(f); however, only rights in the land for agricultural or grazing  
19 purposes may be transferred and all other interests in the land will  
20 remain with the state. Agricultural or grazing land approved for patent  
21 to a municipality under AS 29.18.205(f) shall be credited, acre for  
22 acre, toward fulfillment of that municipality's entitlement under AS  
23 29.18.201 - 29.18.203. If the director later determines it to be in the  
24 best interests of the state to transfer some or all of the additional  
25 rights in that approved or patented agricultural or grazing land, those  
26 rights shall pass without consideration to the municipality in which the  
27 land is located.

28 (c) The provisions of this section do not apply to state land  
29 classified as agricultural or grazing land which has been selected by a

1 municipality under the provisions of AS 29.18.190 - 29.18.200 if the  
2 selection is an approved selection before the date of enactment of this  
3 Act and is otherwise valid under AS 29.18.205(b).

4 \* Sec. 4. It is the intention of the legislature that future municipali-  
5 ties shall have the benefit of \* Sec. 2. of this Act. Within 90 days of  
6 passage of this Act, the Department of Natural Resources shall adopt regula-  
7 tions which shall, as closely as is practicable, apply the provisions of  
8 \* Sec. 2. of this Act to future municipalities. After adoption of such  
9 regulations, the department shall transfer all lands to which a municipality  
10 is entitled under this section to such municipality within three years of the  
11 date upon which the municipality assumes a legal existence.

12 \* Sec. 5. AS 29.18.190, 29.18.200, and 29.18.420 are repealed.

13 \* Sec. 6. REPORT. Within 30 days after the convening of each regular  
14 session of the Eleventh and Twelfth Legislatures and the first regular ses-  
15 sion of the Thirteenth Legislature, the director of the division of lands  
16 shall report to the legislature on the implementation of AS 29.18.201 -  
17 29.18.215 in sec. 2 of this Act.

18 \* Sec. 7. This Act takes effect immediately in accordance with AS 01.10.-  
19 070(c).