

Original sponsors: Parr, Brown  
and Cowper

Offered: 5/31/78  
Referred: Finance

1 IN THE HOUSE

BY THE COMMUNITY AND  
REGIONAL AFFAIRS COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 133 (C&RA)

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 re-  
11 move uncertainties in the existing municipal land selection law of the state;  
12 to provide for an immediate, final determination and settlement of municipal  
13 land entitlement; to provide for the completion of rational ownership  
14 patterns for sound land management; to provide for expeditious patent of land  
15 to municipalities to fulfill their respective entitlements; and to provide  
16 payment for land within certain municipalities which are unable to receive  
17 full entitlement rights in appropriate vacant, unappropriated, unreserved  
18 land.

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 -- 44,893 acres;  
25 (2) City and Borough of Juneau -- 13,600 acres;  
26 (3) City and Borough of Sitka -- 9,200 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 -- 9,200 acres;
- 3 (9) Kodiak Island Borough -- 56,500 acres;
- 4 (10) Matanuska-Susitna Borough -- 355,210 acres;
- 5 (11) North Slope Borough -- 89,850 acres.

6 Sec. 29.18.202. DETERMINATION OF ENTITLEMENT FOR CITIES. (a)

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9 this chapter repealed by this Act is 10 per cent of the maximum total  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

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

18 Sec. 29.18.203. STATUS OF ENTITLEMENTS. (a) General grant land  
19 entitlements provided in secs. 201 and 202 of this chapter constitute  
20 vested property rights which shall be fulfilled as provided in sec. 204  
21 or sec. 207 of this chapter, but no municipal selection vests any inter-  
22 est in or right to receive a particular tract of land except as provided  
23 by sec. 204 of this chapter.

24 (b) General grant land entitlements vested under secs. 201 and 202  
25 of this chapter may be exercised at any time before the date which is  
26 two years after the expiration of the state's right to make selections  
27 under secs. 6(a) or (b) of the Alaska Statehood Act (P.L. 85-508);  
28 however, the time limitation imposed by this subsection does not apply

29 (1) to the portion of an entitlement which cannot be satis-

1           fied by that date because of a shortage of appropriate vacant, unappro-  
2           priated, unreserved land; or

3                       (2) to payments for land deficiency under sec. 207 of this  
4           chapter.

5           Sec. 29.18.204. FULFILLMENT OF LAND ENTITLEMENTS. (a) The acre-  
6           age of each municipality's land selections under former secs. 190 - 200  
7           of this chapter for which patent has been issued before the effective  
8           date of this Act shall be credited toward fulfillment of the entitlement  
9           of that municipality.

10                   (b) All approved selections under former secs. 190 - 200 of this  
11           chapter for which patent has not been issued to a municipality on the  
12           effective date of this Act shall be reviewed by the director within  
13           nine months of the effective date of this Act. Any approved selec-  
14           tion of land which was vacant, unappropriated or unreserved on the date  
15           of selection is valid as of the date of the approval under the former  
16           secs. 190 - 200 of this chapter, and a patent shall be issued to the  
17           municipality within three months after approval by the director of a  
18           plat of survey. The acreage shall be credited toward fulfillment of the  
19           municipality's entitlement. No municipality is entitled to receive  
20           patent under this chapter to more than its entitlement determined under  
21           sec. 201 or 202 of this chapter. Any prior approval by the director of  
22           municipal selections for land which was not vacant, unappropriated  
23           or unreserved on the date of selection shall be rescinded, and patent  
24           may not be issued except when disposal to a third party by sale or  
25           lease has occurred. Transfers of land to municipalities under this  
26           chapter are subject to AS 38.05.321. Classification actions as re-  
27           flected upon the land status records of the Department of Natural  
28           Resources are determinative of land classification status for purposes  
29           of this chapter.

1 (c) All municipal land selections under former secs. 190 - 200 of  
2 this chapter not approved as of the effective date of this Act shall be  
3 recognized by the director as representing the priority interests of the  
4 municipalities, and the selections shall be given first consideration  
5 under (e) of this section unless the municipality indicates different  
6 priorities.

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

14 (e) Each eligible municipality and the director shall jointly  
15 consider which vacant, unappropriated, unreserved land, including feder-  
16 al land of interest to a municipality which may be selected by the state  
17 as general grant land, located within the boundaries of the munici-  
18 pality, is appropriate for municipal selection and approval by the  
19 director to fulfill any remaining municipal general grant land entitle-  
20 ment. The joint consideration made by the parties shall include a  
21 cooperative land planning process which will, in addition to the normal  
22 objectives of such a process, seek to identify both local and state  
23 interests in tracts of vacant, unappropriated and unreserved land re-  
24 maining within the municipality. Adjacent tracts shall be considered  
25 simultaneously except when such simultaneous consideration would cause  
26 significant delay or expense. Once a tract has been jointly considered,  
27 it may be selected by a municipality.

28 (f) Each selection shall be approved or disapproved for patent by  
29 the director under (g) of this section within nine months of its selec-

1 tion by a municipality, and a patent shall be issued to the municipality  
2 within three months after approval by the director of a plat of survey.

3 (g) In reviewing a municipal selection, the director shall consi-  
4 der the state's responsibilities for developing and protecting values  
5 which are of greater than local concern, including development which  
6 will have statewide impact, and critical environmental concerns. Land  
7 considered appropriate for municipal selection is land that is suitable  
8 and appropriate for an identifiable present or future municipal use or  
9 for disposal to private use by the municipality by sale or other means.  
10 A selection by a municipality of land which is primarily of local con-  
11 cern shall be approved. When the interests of the state may be pro-  
12 tected through the conveyance of title that is less than a fee title,  
13 the municipality, at its option, may accept the title in acre-for-acre  
14 fulfillment of its entitlement. Specific state responsibilities to be  
15 considered, if those responsibilities have not been authorized or dele-  
16 gated by the state to a municipality, include air quality; water,  
17 minerals and energy; timber; agriculture; fish and wildlife and their  
18 habitat which is of greater than local concern; public recreation,  
19 natural, historical, and archaeological areas of greater than local  
20 concern; transportation facilities of greater than local concern; com-  
21 munications; and public safety. Specific municipal interests to be  
22 considered include

23 (1) residential, commercial and industrial needs; and

24 (2) other responsibilities of the local government, including  
25 but not limited to, support of municipal services; education; local  
26 transportation; private recreation; public recreation, natural, histor-  
27 ical and archaeological areas of local concern; and other responsibili-  
28 ties authorized or delegated by the state to the municipality.

29 (h) Every decision of approval or disapproval of a municipal

1 selection by the director under (f) of this section shall include a  
2 written explanation of the decision based upon the criteria of (g) of  
3 this section. Before issuing any decision to disapprove a selection,  
4 the director shall notify the affected municipality in writing, by  
5 certified mail, of his reasons for the proposed decision. The munic-  
6 pality shall have 30 days from receipt of the proposed decision to  
7 respond to the director in writing enumerating the reasons for which the  
8 municipality believes the proposed decision to be in error. After  
9 receipt of the municipality's statement of reasons, or after expiration  
10 of the period in which the municipality may respond to the proposed  
11 decision, the director shall, within 30 days, affirm, modify or reverse  
12 his proposed decision in writing and give written notice of his decision  
13 to the municipality. The decision of the director constitutes final  
14 administrative action in the matter.

15 (i) A municipality may appeal an adverse decision by the director  
16 to the superior court in accordance with AS 44.62.560 - 44.62.570.

17 Sec. 29.18.205. SCHOOL, UNIVERSITY AND MENTAL HEALTH LAND. (a)  
18 If the entitlement determined in sec. 201 of this chapter or certified  
19 by the director under sec. 202(b) of this chapter results in a per  
20 capita entitlement for the municipality of less than one and one-half  
21 acre, the municipality may select vacant school, university or mental  
22 health land within the municipality in partial fulfillment of its land  
23 entitlement under this chapter. School, university or mental health  
24 land may be selected notwithstanding the fact that these lands are not  
25 unappropriated and unreserved within the meaning of this chapter and  
26 secs. 190 and 200 of this chapter, repealed by this Act, but each  
27 selection of school, university or mental health land by a municipality  
28 must be vacant, unappropriated, or unreserved land as defined in this  
29 chapter, except that it need not be general grant land.

1 (b) The acreage of school, university or mental health land, if  
2 any, within a municipality may not be included in the determination of  
3 entitlement under sec. 201 or 202 of this chapter.

4 (c) Land conveyed under this section will be credited against a  
5 municipality's remaining land entitlement under this chapter.

6 (d) Within six months after a request by a municipality for selec-  
7 tion of school, university, or mental health land, the director shall  
8 identify state general grant land of approximately equal value to the  
9 land requested by the municipality, and shall propose the replacement  
10 land for the concurrence of the appropriate board. If a proposal by the  
11 director is rejected by the board, the director shall meet with the  
12 board as often as necessary to determine the type and amount of equal  
13 value replacement land that would be required to obtain the board's  
14 concurrence, and shall propose the replacement land for consideration by  
15 the board. The replacement land shall thereafter be managed for the  
16 purposes for which the land selected by the municipality was acquired by  
17 the Territory and State of Alaska.

18 (e) The notice and review provisions of AS 38.05.305 and 38.05.345  
19 are applicable to the designation of other state land as school, univer-  
20 sity or mental health land in replacement of land selected under this  
21 section. The provisions of AS 38.50 and AS 38.05.032 do not apply to  
22 such designations under this section. The provisions of AS 38.05.-  
23 030(a), 38.05.030(e), and 38.05.035(a)(13) which require the approval of  
24 the respective trust board before disposal of lands by the director do  
25 not apply to selections of school, university or mental health land by a  
26 municipality under this section.

27 (f) For purposes of determining the per capita entitlement under  
28 (a) of this section, the resident population of the municipality shall  
29 be determined as of the effective date of this Act by the commissioner

1 of the Department of Community and Regional Affairs and reported to the  
2 director.

3 Sec. 29.18.206. SELECTION AND CONVEYANCE PROCEDURE. (a) All  
4 municipal selections shall, whenever possible, be made in reasonably  
5 compact tracts, taking into account the use capabilities of a tract and  
6 its relationship to surrounding land uses. A selection filed by a  
7 municipality which has not been approved by the director may be relin-  
8 quished at any time. An approved selection may be relinquished by a  
9 municipality if the relinquishment is approved by the director. An  
10 approved selection relinquished by a municipality increases the remain-  
11 ing entitlement of the municipality on an acre-for-acre basis.

12 (b) By August 1 of each year the director shall certify to each  
13 municipality having an entitlement under secs. 201 and 202 of this  
14 chapter the acreage of patented selections, approved selections not yet  
15 patented, pending municipal land selections neither approved nor dis-  
16 approved by the director, and the remaining entitlement of the munici-  
17 pality.

18 (c) If land selected by a municipality is unsurveyed at the time  
19 of approval, the director shall survey, or may approve the municipal-  
20 ity's survey of, the exterior boundaries of an approved selection with-  
21 out interior subdivision, and shall issue patent in terms of the ex-  
22 terior 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 (d) The director may approve municipal selections of land which  
27 have 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 (e) 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. 29.18.207. PAYMENT FOR LAND DEFICIENCY. (a) There is  
12 established within the general fund the Alaska municipal land account  
13 for the following purposes:

14 (1) providing payment to the boroughs and unified municipali-  
15 ties designated in sec. 201 of this chapter for a deficiency of land  
16 physically suitable for the purposes described in sec. 204(g)(1) of this  
17 chapter; or

18 (2) providing payment to the boroughs and unified municipali-  
19 ties designated in sec. 201 of this chapter for certain lands selected  
20 by the state and conveyed to a Native corporation under the provisions  
21 of the Alaska Native Claims Settlement Act.

22 (b) A municipality shall receive payment for its land deficiency  
23 from the account established in (a) of this section. A municipality is  
24 eligible to receive payment for land deficiency if, on January 1, 1981,  
25 the amount of land which it has selected and for which approval has been  
26 given by the director constitutes approval of an entitlement that  
27 amounts to less than one-third acre per capita of appropriate vacant,  
28 unappropriated, unreserved land which meets the needs of sec. 204(g)(1)  
29 of this chapter. A municipality entitled to payment under this subsec-

1 tion may receive an amount not to exceed \$1,000 per acre for a number of  
2 acres equal to one-third acre per capita for the number of residents of  
3 the municipality on July 1, 1978, less any appropriate vacant, unappro-  
4 priated, unreserved land selected by the municipality before January 1,  
5 1981, which is physically suitable for the purposes described in sec.  
6 204(g)(1) of this chapter. No payment may be made to a municipality  
7 under this subsection in excess of \$9,000,000 or of three-quarters of  
8 all sums appropriated by the legislature to meet the requirements of  
9 this subsection, whichever is lower.

10 (c) If a municipality selected vacant, unappropriated, unreserved  
11 land on or before December 18, 1971, to which the state had received  
12 tentative approval or patent, and such land was also selected by a  
13 Native corporation organized under the Alaska Native Claims Settlement  
14 Act (P.L. 92-203), and title to that land is ultimately vested in that  
15 Native corporation, the municipality may, at its option, request payment  
16 for land deficiency from the account established in (a) of this section.  
17 The acceptance of payment under this subsection by a municipality con-  
18 stitutes a relinquishment of any other right, title or claim to the land  
19 by that municipality. The total payment to a municipality under this  
20 section may not exceed \$1,000 per acre for each acre, up to a maximum of  
21 8,000 acres.

22 (d) The governor shall annually submit to the legislature a re-  
23 quest for an appropriation to the account for the municipalities which  
24 are eligible to receive payments under (b) of this section or which have  
25 elected to receive payments under (c) of this section. The request for  
26 appropriation shall distinguish between amounts necessary to make pay-  
27 ments for land deficiency under (b) of this section and those required  
28 to make payments for land deficiency under (c) of this section.

29 (e) For purposes of fulfilling entitlements under this section,

1 the legislature is authorized to appropriate

2 (1) not more than \$4,000,000 per fiscal year, and not more  
3 than \$12,000,000 in total, for the purpose of paying entitlements under  
4 (b) of this section;

5 (2) not more than \$1,000,000 per fiscal year, and not more  
6 than \$8,000,000 in total, for the purpose of paying entitlements under  
7 (c) of this section.

8 (f) If an annual appropriation is not sufficient to meet the  
9 amount due to all municipalities which have elected to accept payment  
10 for land deficiency under (b) or (c) of this section, the governor shall  
11 apportion the appropriation among the municipalities in proportion to  
12 the payment calculated for each municipality for that year. When a  
13 distribution of payments is made under (c) of this section, the remain-  
14 ing entitlement of a municipality to which payment is made shall be  
15 reduced in an amount equal to the number of acres for which payment was  
16 received. An appropriation made under this section is in addition to  
17 other grants and entitlements authorized to eligible municipalities.

18 (g) Payments authorized by this section may not be made to a city.

19 Sec. 29.18.208. AUTHORIZATION FOR LAND EXCHANGES. The director,  
20 with the concurrence of the commissioner, and any municipality are  
21 authorized to exchange land or interests in land when it is in the  
22 public interest. Land or interests in land exchanged under this section  
23 must be of approximately equal value, including the non-monetary value  
24 of public benefits. Exchange procedures shall comply with applicable  
25 law and municipal ordinances. The notice and review provisions of AS  
26 38.05.305 and 38.05.345 are applicable to exchanges of land under this  
27 section. The provisions of AS 38.50 do not apply to exchanges of land  
28 under this section.

29 Sec. 29.18.209. PUBLIC PURPOSE AND EXPANSION NEEDS. (a) Consis-

1 tent with the best interests of the state, if a municipality does not  
2 contain and cannot reasonably acquire sufficient nonfederal land within  
3 its boundaries to meet its legitimate needs for public or private  
4 settlement or development, it shall be the policy of the state to select  
5 federal land reasonably necessary to meet the needs of the municipality  
6 and to make the land selected available to the municipality under AS  
7 38.05.315 or (b) of this section.

8 (b) Where state land is the most logical location for demonstrated  
9 municipal expansion for nonpublic settlement and development purposes,  
10 and when an exchange of land under sec. 208 of this chapter is not  
11 possible or is not in the public interest, it is the policy of the state  
12 to sell or lease the land at public auction. The state may contract  
13 with a municipality to act as its agent in an auction of state land  
14 under applicable statutes. When a municipality acts as the agent of the  
15 state in an auction, the municipality may retain from the proceeds of  
16 the auction the expenses which the director determines to be necessary  
17 and reasonable.

18 (c) Nothing in this chapter limits or impairs the authority of the  
19 director to transfer land to municipalities, without limit or considera-  
20 tion, for public purposes in accordance with AS 38.05.315. If there is  
21 a remaining entitlement of the municipality, land transferred under AS  
22 38.05.315 shall be credited toward fulfillment of the entitlement.

23 Sec. 29.18.210. ELECTION OF BENEFITS. (a) A municipality which  
24 on the effective date of this Act is engaged in litigation, or which  
25 becomes engaged in litigation, regarding a claim to state land under  
26 former secs. 190 - 200 of this chapter shall elect either to obtain the  
27 benefits provided in secs. 201 - 212 of this chapter or to pursue the  
28 litigation and thereby waive any claim to entitlement under secs. 201 -  
29 212 of this chapter. An election shall be made by filing a motion for

1 dismissal with prejudice in the court in which the litigation is pend-  
2 ing. If the claim involves a municipality identified in sec. 201 of  
3 this chapter, the municipality shall file its motion for dismissal  
4 within 60 days of the effective date of this Act. If the claim involves  
5 a municipality not listed in sec. 201 of this chapter, the municipality  
6 shall file its motion for dismissal within 60 days after receiving the  
7 certificate of entitlement provided by the director under sec. 202(b) of  
8 this chapter. Failure of the municipality to file a motion for dismis-  
9 sal during the time period provided in this subsection shall be con-  
10 sidered a waiver of entitlement under secs. 201 - 212 of this chapter.

11 (b) A municipality which was eligible to file land selections  
12 under the former secs. 190 - 200 of this chapter and which does not  
13 enter into litigation over a claim to rights under those sections before  
14 the expiration of the time period within which it could make an election  
15 under (a) of this section shall be considered to have elected to receive  
16 benefits under secs. 201 - 212 of this chapter and to have waived any  
17 claim which might have been raised under former secs. 190 - 200 of this  
18 chapter.

19 (c) The provisions of secs. 201 - 212 of this chapter do not  
20 affect the rights, if any, of any party to litigation regarding the  
21 former AS 29.18.190 - 29.18.200 or 29.18.420, which litigation is main-  
22 tained by a municipality that has elected not to obtain the benefits  
23 provided by secs. 201 - 212 of this chapter.

24 Sec. 29.18.211. ADMINISTRATION. The commissioner may adopt regu-  
25 lations in accordance with the Administrative Procedure Act (AS 44.62)  
26 necessary to carry out the purposes of secs. 201 - 212 of this chapter.

27 Sec. 29.18.212. DEFINITIONS. In secs. 201 - 212 of this chapter,  
28 unless the context otherwise requires,

29 (1) "appropriate vacant, unappropriated, unreserved land"

1 means vacant, unappropriated, unreserved land which meets the criteria  
2 for municipal selection under sec. 204(g) of this chapter;

3 (2) "approved selection" means a municipal land selection  
4 which has been approved in writing by the director for transfer by  
5 patent to a municipality;

6 (3) "director" means the director of the division of lands,  
7 Department of Natural Resources, or his designee;

8 (4) "general grant land" means land patented or tentatively  
9 approved to the state from the United States under secs. 6(a) or (b) of  
10 the Alaska Statehood Act;

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

14 (6) "municipal land selection" means a request by a munici-  
15 pality, filed in writing with the director under authority of secs.  
16 190 - 200 of this chapter repealed by this Act or under secs. 201 - 212  
17 of this chapter for vacant, unappropriated, unreserved general grant  
18 land within its municipal boundaries in partial fulfillment of its  
19 municipal entitlement;

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

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

27 (9) "remaining entitlement" means the general grant land  
28 entitlement determined in accordance with sec. 201 or 202 of this chap-  
29 ter, reduced by the total acreage of approved selections, including both

1 patented and unpatented parcels;

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

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

10 (12) "vacant, unappropriated, unreserved land" means general  
11 grant land as defined in (4) of this section, excluding minerals as  
12 required by sec. 6(i) of the Alaska Statehood Act, which

13 (A) has not been set aside by statute for one or more  
14 particular uses or purposes;

15 (B) has not been approved for patent to a municipality  
16 under secs. 201 - 212 of this chapter or former secs. 190 - 200 of  
17 this chapter repealed by this Act; or

18 (C) is unclassified or, if classified under AS 38.05.-  
19 300, is classified for agricultural, grazing, commercial, indus-  
20 trial, private recreational, residential, utility or open-to-entry  
21 purposes, or where classified in accordance with an agreement  
22 between a municipality and the state providing for state management  
23 of land of the municipality.

24 \* Sec. 3. AS 38.05.321 is repealed and reenacted to read:

25 Sec. 38.05.321. RESTRICTION ON SALE, LEASE OR OTHER DISPOSAL OF  
26 AGRICULTURAL LAND. (a) The sale, lease or other disposal of state land  
27 classified as agricultural land transfers only rights for agricultural  
28 purposes, and all other interests in the land remain with the state  
29 unless otherwise required by law.

1 (b) State land classified as agricultural land which has been  
2 selected by a municipality under AS 29.18.190 - 29.18.200 or 29.18.204-  
3 (e) may be approved by the director for patent under AS 29.18.204(f);  
4 however, only rights in the land for agricultural purposes may be trans-  
5 ferred and all other interests in the land will remain with the state.  
6 Agricultural land approved for patent to a municipality under AS 29.18.-  
7 204(f) shall be credited, acre for acre, toward fulfillment of that  
8 municipality's entitlement under AS 29.18.201 or 29.18.202. If the  
9 director later determines it to be in the best interests of the state to  
10 transfer some or all of the additional rights in that approved or  
11 patented agricultural land, those rights shall pass without considera-  
12 tion to the municipality in which the land is located. The provisions  
13 of sec. 69(c) of this chapter apply to transfer of rights, other than  
14 agricultural rights, transferred by the director under this section.

15 (c) The provisions of this section do not apply to state land  
16 classified as agricultural land which has been selected by a municipa-  
17 lity under the provisions of AS 29.18.190 - 29.18.200 if the selection  
18 is an approved selection before April 1, 1978 and is otherwise valid  
19 under AS 29.18.204(b).

20 \* Sec. 4. (a) The general grant land entitlement of a municipality in-  
21 corporated after the effective date of this Act is 10 per cent of the total  
22 acreage of vacant, unappropriated, unreserved land within the boundaries of  
23 the municipality on the date of incorporation of that municipality.

24 (b) Within six months of the date of incorporation of a municipality  
25 which is incorporated after the effective date of this Act, the director  
26 shall determine the entitlement of each municipality eligible to receive  
27 general grant land under (a) of this section and certify the entitlement to  
28 the municipality.

29 \* Sec. 5. Consistent with the best interests of the state, in the selec-  
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1 tion of general grant land it is the policy of the state to make available  
2 the maximum land area from which municipalities may fulfill land entitlements  
3 under AS 29.18.201 - 29.18.212.

4 \* Sec. 6. AS 29.18.190, 29.18.200, and 29.18.420 are repealed.

5 \* Sec. 7. REPORT. Within 30 days after the convening of each regular  
6 session of the Eleventh and Twelfth Legislatures and the first regular ses-  
7 sion of the Thirteenth Legislature, the director of the division of lands  
8 shall report to the legislature on the implementation of AS 29.18.201 -  
9 29.18.212 in sec. 2 of this Act.

10 \* Sec. 8. This Act takes effect July 1, 1978, except that AS 29.18.207,  
11 added by sec. 2 of this Act, takes effect January 1, 1981.

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