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1 IN THE HOUSE

2 *SOS* HOUSE BILL NO. 353 *AMS*

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for the creation of agricultural
7 development projects; and providing for an effective
8 date."

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

10 * Section 1. AS 38 is amended by adding a new chapter to read:

11 CHAPTER 08. AGRICULTURAL DEVELOPMENT PROJECTS.

12 ARTICLE 1. ADMINISTRATION.

13 Sec. 38.08.010. LEGISLATIVE FINDING AND POLICY. (a) The legisla-
14 ture finds, determines and declares that

15 (1) a sound and sustained agricultural production, processing
16 and marketing industry is necessary to the healthy economic life and
17 future well-being of Alaska;

18 (2) no geographic entity has ever attained lasting greatness
19 through extractive resource production alone;

20 (3) the agricultural potential of Alaska is perhaps the
21 single most significant prospect for a stable future;

22 (4) the land potentially capable of sustaining agricultural
23 production in Alaska covers millions of acres throughout the various
24 regions;

25 (5) agriculture, as a resource management tool, could provide
26 a large percentage of the state's basic consumer needs in food, fiber,
27 industrial raw materials, and aesthetic products at a reasonable price;

28 (6) agricultural use of state land can serve to protect the
29 integrity of watersheds, establish open space for the enjoyment of all

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1 persons, and promote wind and erosion control, all of which will in-
2 crease the productive capacity of the land to sustain wildlife and
3 forestry in the state.

4 (b) It is declared to be the policy of the state, in the interests
5 of promoting the health, security and general welfare of all the people
6 of the state, and a public purpose, to increase job opportunities and
7 otherwise to encourage the economic growth of the state, to stimulate
8 agricultural production as a renewable resource so that the people of
9 Alaska can produce a substantial portion of their food for Alaskan and
10 export markets, and to place state agricultural land into production, by
11 granting powers, duties, and functions as provided in this chapter.

12 Sec. 38.08.020. POWERS AND DUTIES OF THE DIRECTOR. The director
13 shall

14 (1) manage, inspect and control state land and improvements
15 on it belonging to the state and under the jurisdiction of the division;

16 (2) execute laws, regulations and orders adopted by the
17 commissioner;

18 (3) prescribe application procedures and practices for the
19 sale of an interest in land under the jurisdiction of the division;

20 (4) prescribe fees or service charges, with the consent of
21 the commissioner, for any public service rendered;

22 (5) under the conditions and limitations imposed by law and
23 the commissioner, issue deeds or other conveyances disposing of an
24 interest in land under the jurisdiction of the division;

25 (6) have jurisdiction over state land located within an
26 agricultural development project under this chapter; to this end the
27 director possesses the powers and, with the approval of the commis-
28 sioner, shall perform the duties necessary to protect the state's rights
29 and interest in state land, including the taking of all necessary action

1 to protect and enforce the state's contractual or other property rights;

2 (7) maintain such records as the commissioner considers
3 necessary, administer oaths, and do all things incidental to the author-
4 ty imposed; the following records and files shall be kept confidential
5 upon request of the persons supplying the information:

6 (A) the name of the person nominating or applying for
7 the sale of an interest in land under this chapter;

8 (B) all geological, geophysical and engineering data
9 supplied, whether or not concerned with the extraction or develop-
10 ment of natural resources;

11 (C) cost data and financial information submitted in
12 support of applications;

13 (D) applications for rights-of-way or easements;

14 (E) requests for information or applications by public
15 agencies for land which is being considered for use for a public
16 purpose;

17 (8) account for the fees or other money received in the ad-
18 ministration of this chapter including the sale of an interest in land,
19 identify their source, and promptly transmit them to the proper fiscal
20 department after crediting them to the proper fund; receipts from land
21 application filing fees and charges for copies of maps and records shall
22 be deposited immediately in the general fund of the state by the direc-
23 tor;

24 (9) select and employ or obtain at reasonable compensation
25 cadastral, appraisal, or other professional personnel he considers
26 necessary for the proper operations of the division;

27 (10) adopt regulations necessary to administer the provisions
28 of this chapter.

29 ARTICLE 2. DISPOSAL OF LAND.

1 Sec. 38.08.030. REVIEW, DESIGNATION AND APPROVAL. (a) The direc-
2 tor may with respect to land available for disposal by the state and
3 classified for agricultural use

4 (1) identify land suitable for large-scale agricultural
5 development under this chapter;

6 (2) determine whether the project, if developed under this
7 chapter, will be economically advantageous to the state and the general
8 public welfare and will contribute to the economic growth of the state;

9 (3) determine whether provision to meet increased demand upon
10 public facilities, including utilities and public access routes, that
11 would result from the designation of a project is reasonably assured;

12 (4) recommend annually, but not later than October 1 of each
13 year, that the commissioner designate land available for disposal by the
14 state and identified as suitable for development under (1) of this
15 subsection as an agricultural development project.

16 (b) The commissioner shall with respect to a recommendation made
17 under (a)(4) of this section

18 (1) transmit a report containing the information required
19 under (a)(4) of this section to those local governing bodies and regional
20 corporations entitled to notice and review under AS 38.05.305.

21 (c) Within 10 days of the convening of the regular legislative
22 session, the commissioner shall transmit to the president of the senate
23 and the speaker of the house of representatives

24 (1) a report containing the identifications, determinations
25 and recommendations required under (a) of this section;

26 (2) a report containing the department's findings concerning
27 the recommendation made under (a)(4) of this section; and

28 (3) a copy of comments received, if any, from a local govern-
29 ing body or regional corporation under AS 38.05.305.

1 (d) The commissioner shall, unless he makes a finding that the
2 determination under (a)(2) of this section is arbitrary and not in the
3 best interests of the state, designate the project as an agricultural
4 development project under this chapter and issue an order describing the
5 land within the boundaries of the project and placing that land under
6 the jurisdiction of the division of agriculture unless the legislature
7 by concurrent resolution disapproves the report of the commissioner
8 under (c) of this section within 30 legislative days of the transmittal
9 of the report, or the end of the session, whichever occurs first. A
10 decision by the legislature to disapprove a proposal under this chapter
11 shall be accompanied by a recommendation to the commissioner with re-
12 spect to future actions which he and the director should take concerning
13 the proposal.

14 Sec. 38.08.040. SALE OF AGRICULTURAL DEVELOPMENT LAND. (a) The
15 director may sell an interest in land only for agricultural purposes,
16 and all other interests in the land remain in the state; the sale shall
17 be by direct negotiation with an individual selected under sec. 50 of
18 this chapter, and the price may not be greater than the pro rata share
19 of the costs incurred by the state in surveying, clearing, breaking, and
20 administering the sale of the agricultural rights to land within the
21 project. The terms of the sale shall be set by regulation adopted
22 under AS 44.62 for each project designated under sec. 30(d) of this
23 chapter. The director shall divide the agricultural development land
24 into parcels that will assure the creation of an economical farm unit as
25 determined by the director.

26 (b) The remaining interests may not subsequently be sold by the
27 director and will be held in perpetuity by the state.

28 (c) A subsequent conveyance, assignment or lease of an interest in
29 land sold under (a) of this section shall be conditioned upon the prior

1 approval of the director.

2 (d) Consideration paid for a subsequent conveyance, assignment or
3 lease interest in land sold under (a) of this section by the grantee may
4 not be more than the agricultural use value as determined by the direc-
5 tor.

6 Sec. 38.08.050. SELECTION OF QUALIFIED INDIVIDUALS. (a) The
7 director shall, after designation of a project under sec. 30(d) of this
8 chapter, publicly solicit applications from individuals desiring to
9 participate in the development of a project under this chapter.

10 (b) The director shall select individuals who have applied for
11 participation in a project and who are best qualified, in the judgment
12 of the director, to successfully farm the land located within a project.
13 He shall sell the agricultural rights in land under sec. 40 of this
14 chapter to individuals selected under (a) of this section. Alaskan
15 residents continuously present in the state for five years before the
16 sale under sec. 50 of this chapter shall be given a preference under
17 this subsection.

18 ARTICLE 3. FINANCIAL PROVISIONS.

19 Sec. 38.08.060. AGRICULTURAL DEVELOPMENT PROJECT REVOLVING FUND.
20 There is established an agricultural development project revolving fund
21 which shall be administered by the director under the supervision of the
22 commissioner exclusively for the purposes of this chapter. The fund is
23 composed of money appropriated by the legislature to it and any other
24 money made available for the purposes of this chapter.

25 Sec. 38.07.070. ACCOUNTS AND DEPOSIT. The commissioner of revenue
26 is ex officio the treasurer and custodian of the fund and shall admin-
27 ister it as directed by the director under the supervision of the com-
28 missioner. The director shall transmit all money received for the sale
29 of agricultural rights in land located within an agricultural develop-

1 ment project to the commissioner of revenue for deposit in the fund.

2 Sec. 38.08.080. REPAYMENT TO GENERAL FUND. All money made avail-
3 able to the fund from the general fund or a special fund is a loan from
4 the general fund or the special fund. All surplus at the end of a
5 fiscal year over amounts made available to the fund from the general
6 fund or from any special fund shall be repaid to the general fund or the
7 special fund until the loan is repaid in full. Repayments need not
8 begin until after the first five complete fiscal years after the fund is
9 created.

10 Sec. 38.08.090. EXPENDITURES FROM THE FUND. The director, with
11 the approval of the commissioner, may expend money from the fund to
12 contract for the clearing and draining of land under AS 38.07.040 if the
13 land to be cleared or drained is located within an agricultural develop-
14 ment project under this chapter.

15 Sec. 38.08.100. LOAN GUARANTEES. (a) The director may enter into
16 agreements with private banks, other lending institutions and indivi-
17 duals to guarantee loans made for farm development and operations,
18 storage and processing of farm produce, livestock and machinery, and to
19 individuals, partnerships or corporations, for storage and processing
20 plants for agricultural products, transportation and access for those
21 products and necessary utilities to assure the economic viability of a
22 project under this chapter.

23 (b) The guarantees under (a) of this section may not exceed 90 per
24 cent of the amount loaned, and the loan shall be secured by acceptable
25 collateral and may not exceed 90 per cent of the appraised value of the
26 collateral offered as security. The director shall by regulation set
27 the interest rate and terms acceptable for loans guaranteed under this
28 section.

29 Sec. 38.08.105. DEFINITIONS. In this chapter

1 (1) "commissioner" means the commissioner of the Department
2 of Natural Resources;

3 (2) "director" means the director of the division of agri-
4 culture, Department of Natural Resources;

5 (3) "interest in land only for agricultural purposes" means
6 fee simple ownership of land conditioned upon the right of the owner to
7 develop the land only for production of plants and animals useful to man
8 including forage and sod crops, grains and feed crops, dairy and dairy
9 products, livestock including breeding and grazing, fruits, vegetables,
10 and other similar uses and activities; a structure or improvement may
11 not be placed on the land except for use as a single-family dwelling of
12 the owner or one that is consistent with agricultural operations.

13 ARTICLE 4. DELTA-CLEARWATER-TANANA LOOP
14 AGRICULTURAL DEVELOPMENT PROJECT.

15 Sec. 38.08.110. LEGISLATIVE FINDINGS AND DESIGNATION. (a) Under
16 the authority granted by art. VIII, secs. 6, 8, and 9 of the Alaska
17 State Constitution, the legislature finds

18 (1) that all preliminary identifications and determinations
19 required under sec. 30(a)(1) - (4) of this chapter concerning the
20 Delta-Clearwater-Tanana Loop agricultural development project as de-
21 scribed in sec. 110 of this chapter have been satisfied as evidenced by
22 a report entitled "Potential Barley Production in the Delta-Clearwater
23 area of Alaska" and Volumes I and II of the "Delta Land Management
24 Study" prepared by the division of lands and dated August 1976 and
25 November 1976 respectively;

26 (2) that sec. 30(b)(1) of this chapter has been satisfied and
27 that notice and review of the proposed action to create the Delta-
28 Clearwater-Tanana Loop agricultural development project as described in
29 sec. 120 of this chapter is unnecessary unless a local governing body or

1 regional corporation entitled to notice and review under AS 38.05.305
2 enacts a resolution objecting to the designation of the project within
3 30 days after the effective date of this section.

4 (b) The Delta-Clearwater-Tanana Loop agricultural development
5 project as described in sec. 120 of this chapter is designated an agri-
6 cultural development project under this chapter. The review and desig-
7 nation required under sec. 30(c) and (d) of this chapter are waived
8 through exercise of the authority granted to the legislature under art.
9 VIII, secs. 6, 8, and 9 of the Alaska State Constitution.

10 Sec. 38.08.120. PROJECT DESCRIPTION. The lands designated as the
11 Delta-Clearwater-Tanana Loop agricultural development project and
12 limited to agricultural use are those within the following described
13 parcels:

- 14 (1) Township 10 South, Range 12 East, Fairbanks Meridian
15 Section 26: NW1/4 of NW1/4, SW1/4 of NW1/4, SW1/4
16 Section 31: E1/2 of SW1/4, SE1/4
17 Section 32: S1/2
18 Section 33: S1/2
19 Section 34: S1/2
20 Section 35: NW1/4, NW1/4 of NE1/4, S1/2 of NE1/4, S1/2
21 Section 36: W1/2 of SW1/4, W1/2 of SE1/4 of SW1/4
22 (2) Township 11 South, Range 12 East, Fairbanks Meridian
23 Section 1: NW1/4, SW1/4 of NE1/4, W1/2 of SE1/4 of
24 NE1/4, SW1/4, W1/2 of SE1/4, W1/2 of NE1/4 of
25 SE1/4, W1/2 of SE1/4 of SE1/4
26 Sections 2 - 5
27 Section 6: NE1/4, NE1/4 of NW1/4, SE1/4 of NW1/4,
28 NE1/4 of SW1/4, SE1/4 of SW1/4, SE1/4
29 Section 7: NE1/4 of SW1/4, SE1/4 of SW1/4, SE1/4

1 Sections 8 - 16

2 Section 17: North of Alaska Highway Right-of-Way

3 Section 18: North of Alaska Highway Right-of-Way

4 Section 20: North of Alaska Highway Right-of-Way

5 Section 21: North of Alaska Highway Right-of-Way

6 Section 22: North of Alaska Highway Right-of-Way

7 Sections 23 - 25: North of Alaska Highway Right-of-Way

8 Section 26: North of Alaska Highway Right-of-Way

9 Section 26: South of Alaska Highway Right-of-Way

10 Section 27: North of Alaska Highway Right-of-Way

11 Section 27: South of Alaska Highway Right-of-Way and
12 East of a line from SW corner of 27 to NE corner
13 of 27

14 Section 33: East of a line from SW corner of 33 to NE
15 corner of 33

16 Section 34

17 Section 35: South of Alaska Highway Right-of-Way, North
18 of Alaska Highway Right-of-Way

19 Section 36: South of Alaska Highway Right-of-Way, North
20 of Alaska Highway Right-of-Way

21 (3) Township 11 South, Range 13 East, Fairbanks Meridian

22 Section 1: South of a line from SW corner of 1 to NE
23 corner of 1

24 Section 2: South of a line from SE corner of 2 to NW
25 corner of 2

26 Section 3: South of a line from SW corner of 3 to NE
27 corner of 3

28 Section 7: NW1/4 of NW1/4, SW1/4 of NW1/4, SE1/4 of
29 NW1/4, SW1/4, NW1/4 of SE1/4, SW1/4 of SE1/4,

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SE1/4 of SE1/4

Section 9: South of a line from SW corner of 9 to
NE corner of 9

Sections 10 - 16

Section 17: NW1/4 of NW 1/4, S1/2 of NW1/4, NE1/4
of NE1/4, S1/2 of NE1/2, SE1/4, SW1/4

Sections 18 - 30

Section 31: North of Alaska Highway Right-of-Way

Section 31: South of Alaska Highway Right-of-Way

Sections 32 - 36

(4) Township 11 South, Range 14 East, Fairbanks Meridian

Section 5: South of line from NE corner of 5 to SW
corner of 5 and South of a line from NW corner of
5 to SE corner of 5

Section 6: South of a line from SE corner of 6 to
NW corner of 6

Sections 7 and 8

Section 9: NW1/4 of NW1/4, S1/2 of NW1/4, SW1/4

Section 16: W1/2

Sections 17 - 20

Section 21: W1/2 of NE1/4, SE1/4, W1/2

Section 22: SW1/4 of SW1/4

Section 26: NW1/4 of SW1/4, SW1/4 of SW1/4

Section 27: NW1/4, SW1/4, SE1/4

Sections 28 - 34

Section 35: W1/2

(5) Township 12 South, Range 12 East, Fairbanks Meridian

Section 1: North of a line 1 1/4 miles South and
parallel to the Alaska Highway Right-of-Way

1 Section 2: North of a line 1 1/4 miles South and
2 parallel to the Alaska Highway Right-of-Way

3 Section 12: NE1/4 of NE1/4

4 (6) Township 12 South, Range 13 East, Fairbanks Meridian

5 Sections 1 - 4: Excluding T. and M. site in S1/2 and
6 North of Alaska Highway Right-of-Way

7 Section 5: North of Alaska Highway Right-of-Way and
8 excluding T. and M. site in NE1/4

9 Section 5: South of Alaska Highway Right-of-Way

10 Section 6: North of Alaska Highway Right-of-Way and
11 South of Alaska Highway Right-of-Way

12 Section 7: North of a line 1 1/4 miles South and
13 parallel to the Alaska Highway Right-of-Way

14 Section 8: North of a line 1 1/4 miles South and
15 parallel to the Alaska Highway Right-of-Way

16 Section 9: South of Alaska Highway Right-of-Way and
17 North of Alaska Highway Right-of-Way excluding
18 T. and M. site in NE1/4

19 Section 10: North of Alaska Highway Right-of-Way and
20 South of Alaska Highway Right-of-Way, excluding
21 T. and M. site in the SE1/4 of section 10

22 Sections 11 and 12

23 Section 13: North of Alaska Highway Right-of-Way

24 Section 14: North of Alaska Highway Right-of-Way

25 Section 15: NW1/4, SW1/4, SE1/4

26 Section 16: North of line 1 1/4 miles South and
27 parallel to the Alaska Highway Right-of-Way

28 Section 22: NW1/4, North of a line 1 1/4 miles South
29 and parallel to Alaska Highway Right-of-Way

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- Section 24. North of Alaska Highway Right-of-Way
- (7) Township 12 South, Range 14 East, Fairbanks Meridian
 - Section 2: NW1/4, W1/2 of SW1/4, W1/2 of NE1/4 of SW1/4, W1/2 of SE1/4 of SW1/4
 - Sections 3 - 10
 - Section 11: W1/2 NW1/4, W1/2 of SW1/4
 - Section 14: W1/2 of NW1/4, SW1/4, W1/2 of SW1/4 of SE1/4
 - Sections 15 - 18
 - Section 19: North of Alaska Highway Right-of-Way
 - Section 19: South of Alaska Highway Right-of-Way
 - Sections 20 - 23
 - Section 25: W1/2 of NW1/4, W1/2 of SE1/4 of NW1/4, W1/2 of NE1/4 of SW1/4, W1/2 of SW1/4, SE1/4 of SW1/4
 - Sections 26 and 27
 - Section 28: North of Alaska Highway Right-of-Way
 - Section 28: South of Alaska Highway Right-of-Way
 - Section 29: North of Alaska Highway Right-of-Way
 - Section 29: South of Alaska Highway Right-of-Way
 - Section 30: NE1/4, N1/2 of SE1/4
 - Section 32: E1/2 of NW1/4, NE1/4, N1/2 of SE1/4
 - Section 33: Excluding Alaska Highway Right-of-Way
 - Section 34: Excluding Alaska Highway Right-of-Way
 - Section 35: Excluding Alaska Highway Right-of-Way
 - Section 36: W1/2
- (8) Township 8 South, Range 10 East, Fairbanks Meridian
 - Section 36: S1/2
- (9) Township 9 South, Range 10 East, Fairbanks Meridian

1 Section 1: NE1/4
2 Section 2: W1/2
3 Section 3: E1/2, S1/2 of SW1/4
4 Section 9: N1/2, NE1/4 of SW1/4, N1/4 of SE1/4
5 Section 10
6 Section 11: W1/2
7 Section 11: SE & SW1/4 of SE1/4
8 Section 12: W1/2 & SE1/4
9 Sections 13 - 15
10 Section 22: N1/2 & SE1/4
11 Sections 23 - 26
12 Sections 35 and 36

13 (10) Township 10 South, Range 10 East, Fairbanks Meridian

14 Section 2: NE1/4 of NW1/4, NW1/4 of NE1/4, NE1/4 of
15 NE1/4, SE1/4 of NE1/4, E1/2 of SW1/4 of NE1/4,
16 E1/2, NW1/4 of SE1/4, NE1/4 of SE1/4, SE1/4 of
17 SE1/4

18 (11) Township 9 South, Range 11 East, Fairbanks Meridian

19 Section 6: NW1/4 of NW1/4, S1/2 of NW1/4, N1/2 of
20 NE1/4 of SW1/4, N1/2 of NW1/4 of SW1/4

21 Section 7: SW1/4 of NW1/4, SW1/4, SW1/4 of SE1/4,
22 SE1/4 of SE1/4

23 Section 17: NW1/4 of NW1/4, S1/2 of NW1/4, SW1/4,
24 SW1/4 of SE1/4

25 Sections 18 - 20

26 Sections 29 - 31

27 Section 32: NW1/4, W1/2 of NE1/4, SW1/4, SE1/4

28 (12) Township 10 South, Range 11 East, Fairbanks Meridian

29 Section 6: NW1/4, NE1/4, N1/2 of NW1/4 of SW1/4, N1/2

1 of NE1/4 of SW1/4, N1/2 of NW1/4 of SE1/4, N1/2
2 of NE1/4 of SE1/4

3 Sec. 38.08.130. PUBLIC HIGHWAY RIGHT-OF-WAY. All rights-of-way
4 for public highways under AS 19.10.010 not in use on the effective date
5 of this section and located within the boundaries of the Delta-Clear-
6 water-Tanana Loop agricultural development project as described in sec.
7 120 of this chapter are relinquished.

8 * Sec. 2. AS 03.10.050(a) is amended to read:

9 (a) The director of the division of agriculture [COMMISSIONER]
10 shall administer the loan fund in conjunction with the agricultural
11 revolving loan fund board. No loan in excess of \$100,000 [\$25,000] may
12 be made by the director [COMMISSIONER] without the approval of a major-
13 ity of the board.

14 * Sec. 3. AS 38.05.020(a) and (b) are amended to read:

15 (a) The commissioner shall supervise the administration of the
16 land and agriculture divisions [DIVISION].

17 (b) The commissioner may

18 (1) establish reasonable procedures and adopt reasonable
19 rules and regulations necessary to carry out this chapter and may, when-
20 ever necessary, issue directives or orders to the directors [DIRECTOR]
21 to carry out specific functions and duties; all rules and regulations
22 adopted by the commissioner shall be adopted under the Administrative
23 Procedure Act (AS 44.62); orders by the commissioner classifying lands
24 issued after January 3, 1959, are not required to be adopted under the
25 Administrative Procedure Act (AS 44.62);

26 (2) enter into agreements which he considers necessary to
27 carry out the purposes of this chapter and ch. 8 of this title, includ-
28 ing agreements with federal and state agencies;

29 (3) review any order or action of the directors [DIRECTOR];

1 (4) exercise the powers and do the acts necessary to carry
2 out the provisions and objectives of this chapter and ch. 8 of this
3 title;

4 (5) notwithstanding the provisions of any other section of
5 this chapter or ch. 8 of this title, grant an extension of the time
6 within which payments due on any lease or sale of state land, minerals,
7 or materials may be made, including payment of rental and royalties, if
8 he finds that compliance with the requirements is or was prevented by
9 reason of war, riots, or acts of God.

10 * Sec. 4. AS 38.05.030 is amended by adding a new subsection to read:

11 (f) The sale of an interest in state lands available for disposal
12 by the state and classified for agricultural use and located within a
13 project under ch. 8 of this title shall be under the jurisdiction of the
14 director of the division of agriculture.

15 * Sec. 5. AS 38.05.035(7) is amended to read:

16 (7) have jurisdiction over state lands, except for those
17 lands located within an agricultural development project under ch. 8 of
18 this title and those lands acquired by the Alaska World War II Veterans
19 Board and the Agricultural Loan Board or the departments or agencies
20 succeeding to their respective functions through foreclosure or default;
21 to this end the director possesses the powers and, with the approval of
22 the commissioner, shall perform the duties necessary to protect the
23 state's rights and interest in state lands, including the taking of all
24 necessary action to protect and enforce the state's contractual or other
25 property rights;

26 * Sec. 6. AS 38.05.045 is amended to read:

27 Sec. 38.05.045. GENERALLY. All lands owned in fee by the state or
28 to which the state may become entitled, excepting tide, submerged or
29 shorelands, [AND] timber or grazing lands, and lands located within an

1 agricultural development project under ch. 8 of this title may be sold
2 as provided in secs. 45 - 69 of this chapter. However, this section
3 does not prevent the disposition of lands as provided in secs. 300 - 348
4 of this chapter.

5 * Sec. 7. AS 38.07.010 is amended to read:

6 Sec. 38.07.010. SELECTION AND LEASE. (a) The director [COMMIS-
7 SIONER] may select areas of state land classified as agricultural and
8 contract for the land to be cleared or drained or both at state expense.
9 In this selection and contracting, the commissioner shall be guided by
10 the recommendations of the U.S. Soil Conservation Service.

11 (b) The land thus cleared or drained shall be put up for competi-
12 tive lease in lots that are determined to be economical farm units by
13 the director [OF NOT LESS THAN 320 ACRES EACH].

14 * Sec. 8. AS 38.07.020(a) is amended to read:

15 (a) Except as provided in (e) of this section, the [THE] lease in
16 sec. 10(b) of this chapter shall be for 10 years with an option for a
17 five-year renewal.

18 * Sec. 9. AS 38.07.020 is amended by adding a new subsection to read:

19 (e) This section does not apply to the clearing or draining of
20 lands within an agricultural development project under ch. 8 of this
21 title. The provisions for sale of agricultural rights under that chap-
22 ter will control.

23 * Sec. 10. AS 38.07.060 is amended by adding a new paragraph to read:

24 (4) "director" means the director of the division of agricul-
25 ture.

26 * Sec. 11. This Act takes effect immediately in accordance with AS 01.-
27 10.070(c).
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