

Original sponsors: Swanson, Beirne,  
Bennett, et al

Offered: 4/18/77  
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

CS FOR HOUSE BILL NO. 353

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."

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

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

11

CHAPTER 08. AGRICULTURAL DEVELOPMENT PROJECTS.

12

ARTICLE 1. ADMINISTRATION.

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Sec. 38.08.010. LEGISLATIVE FINDING AND POLICY. (a) The legisla-

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ture finds, determines and declares that

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

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

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

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

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

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(b) It is declared to be the policy of the state, in the interests  
of promoting the health, security and general benefit of all the people

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1 of the state, and a public purpose, to increase job opportunities and  
2 otherwise to encourage the economic growth of the state, to stimulate  
3 agricultural production as a renewable resource so that the people of  
4 Alaska can produce a substantial portion of their food for Alaskan and  
5 export markets, and to place state, federal, national and private  
6 agricultural land into production, by granting powers, duties, and  
7 functions as provided in this chapter.

8 Sec. 38.08.020. POWERS AND DUTIES OF THE DIRECTOR. The director  
9 shall

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

12 (2) execute laws, regulations and orders adopted by the  
13 commissioner;

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

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

18 (5) under the conditions and limitations imposed by law,  
19 issue deeds or other conveyances disposing of an interest in land under  
20 the jurisdiction of the division;

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

27 (7) maintain such records as the commissioner considers  
28 necessary, administer oaths, and do all things incidental to the author-  
29 ty imposed; cost data and financial information submitted in support of

1 applications shall be kept confidential;

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

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

12 (10) adopt regulations necessary to administer the provisions  
13 of this chapter.

14 ARTICLE 2. DISPOSAL OF LAND.

15 Sec. 38.08.030. REVIEW, DESIGNATION AND APPROVAL. (a) The direc-  
16 tor with respect to land available for disposal by the state and classi-  
17 fied for agricultural use, shall

18 (1) identify land suitable for large-scale agricultural  
19 development projects under this chapter;

20 (2) determine whether the project, if developed under this  
21 chapter, will be economically advantageous to the state and the general  
22 public benefit and will contribute to the economic growth of the state;

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

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

1 (b) The commissioner shall with respect to a recommendation made  
2 under (a)(4) of this section transmit a report containing the infor-  
3 mation required under (a)(4) of this section to those local governing  
4 bodies and regional corporations entitled to notice and review under AS  
5 38.05.305.

6 (c) Within 10 days of the convening of the regular legislative  
7 session, the commissioner shall transmit to the president of the senate  
8 and the speaker of the house of representatives

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

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

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

15 (d) The commissioner shall, unless he makes a finding within 30  
16 days after receipt of the director's recommendation that the deter-  
17 mination under (a)(2) of this section is arbitrary and not in the best  
18 interests of the state, designate the project as an agricultural devel-  
19 opment project under this chapter and issue an order describing the land  
20 within the boundaries of the project and placing that land under the  
21 jurisdiction of the division of agriculture unless the legislature by  
22 concurrent resolution disapproves the report of the commissioner under  
23 (c) of this section within 30 legislative days of the transmittal of the  
24 report, or the end of the session, whichever occurs first. A decision  
25 by the legislature to disapprove a proposal under this chapter shall be  
26 accompanied by a recommendation to the commissioner with respect to  
27 future actions which he and the director should take concerning the  
28 proposal.

29 Sec. 38.08.040. SALE OF AGRICULTURAL DEVELOPMENT LAND. (a) The

1 director shall sell an interest in land only for agricultural purposes,  
2 and all other interests in the land remain in the state; the sale shall  
3 be by direct negotiation with an individual selected under sec. 50 of  
4 this chapter, and the price shall be the pro rata share of the costs  
5 incurred by the state in surveying, clearing, breaking, and administer-  
6 ing the sale of the agricultural rights to land within the project.  
7 The terms of the sale shall be set by regulation adopted under AS 44.62  
8 for each project designated under sec. 30(d) of this chapter. The  
9 director shall divide the agricultural development land into parcels  
10 that will assure the creation of economical farm units. No land sales  
11 may be made by the state within the boundaries of an agricultural  
12 project other than under those conditions in this section.

13 (b) The remaining interests held by the state may not subsequently  
14 be sold by the director.

15 (c) A subsequent conveyance, assignment or lease of an interest in  
16 land sold under (a) of this section shall be conditioned upon the prior  
17 approval of the director.

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

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

26 (b) The director shall, after consultation with but not limited to  
27 local soil conservation subdistricts, local farm representatives,  
28 chambers of commerce, and ad hoc agricultural groups that reside within  
29 a close vicinity to the agricultural project, select individuals who

1 have applied for participation in a project and who are best qualified,  
2 to successfully farm the land located within a project. The director  
3 shall sell the agricultural rights in land under sec. 40 of this chapter  
4 to individuals selected under (a) of this section. Individuals who have  
5 been residents for a minimum of five years before the sale under sec. 50  
6 of this chapter shall be given a preference under this subsection.

7 ARTICLE 3. FINANCIAL PROVISIONS.

8 Sec. 38.08.060. AGRICULTURAL DEVELOPMENT PROJECT REVOLVING FUND.  
9 There is established an agricultural development project revolving fund  
10 which shall be administered by the director under the supervision of the  
11 commissioner exclusively for the purposes of this chapter. The fund is  
12 composed of money appropriated by the legislature to it and any other  
13 money made available for the purposes of this chapter.

14 Sec. 38.07.070. ACCOUNTS AND DEPOSIT. The commissioner of revenue  
15 is ex officio the treasurer and custodian of the fund and shall admin-  
16 ister it as directed by the director under the supervision of the com-  
17 missioner. The director shall transmit all money received for the sale  
18 of agricultural rights in land located within an agricultural develop-  
19 ment project to the commissioner of revenue for deposit in the fund.

20 Sec. 38.08.080. REPAYMENT TO GENERAL FUND. All money made avail-  
21 able to the fund from the general fund or a special fund is a loan from  
22 the general fund or the special fund. All surplus at the end of a  
23 fiscal year over amounts made available to the fund from the general  
24 fund or from any special fund shall be repaid to the general fund or the  
25 special fund until the loan is repaid in full. Repayments need not  
26 begin until after the first five complete fiscal years after the fund is  
27 created.

28 Sec. 38.08.090. EXPENDITURES FROM THE FUND. The director, with  
29 the approval of the commissioner, may expend money from the fund to

1 contract for the clearing, breaking and draining of land under AS 38.-  
2 07.040 if the land to be cleared or drained is located within an agri-  
3 cultural development project under this chapter.

4 Sec. 38.08.100. LOAN GUARANTEES. (a) The director may enter into  
5 agreements with private banks, other lending institutions and indivi-  
6 duals to guarantee loans made for farm development and operations,  
7 storage and processing of farm produce, livestock and machinery, and to  
8 individuals, partnerships or corporations, for storage and processing  
9 plants for agricultural products, transportation and access for those  
10 products and necessary utilities.

11 (b) The guarantees under (a) of this section may not exceed 90 per  
12 cent of the amount loaned, and the loan shall be secured by acceptable  
13 collateral and may not exceed 90 per cent of the appraised value of the  
14 collateral offered as security. The director shall by regulation set  
15 the interest rate and terms acceptable for loans guaranteed under this  
16 section.

17 Sec. 38.08.105. DEFINITIONS. In this chapter

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

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

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

1 ARTICLE 4. DELTA-CLEARWATER-TANANA LOOP

2 AGRICULTURAL DEVELOPMENT PROJECT.

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

6 (1) that all preliminary identifications and determinations  
7 required under sec. 30(a)(1) - (4) of this chapter concerning the  
8 Delta-Clearwater-Tanana Loop agricultural development project as de-  
9 scribed in sec. 110 of this chapter have been satisfied as evidenced by  
10 a report entitled "Potential Barley Production in the Delta-Clearwater  
11 area of Alaska" and Volumes I, II and IV of the "Delta Land Management  
12 Study" prepared by the division of lands;

13 (2) that sec. 30(b)(1) of this chapter has been satisfied and  
14 that notice and review of the proposed action to create the Delta-  
15 Clearwater-Tanana Loop agricultural development project as described in  
16 sec. 120 of this chapter is unnecessary unless a local governing body or  
17 regional corporation entitled to notice and review under AS 38.05.305  
18 enacts a resolution objecting to the designation of the project within  
19 30 days after the effective date of this section.

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

26 Sec. 38.08.120. PROJECT DESCRIPTION. The lands designated as the  
27 Delta-Clearwater-Tanana Loop agricultural development project and  
28 limited to agricultural use are those within the following described  
29 parcels:

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- (1) Township 10 South, Range 12 East, Fairbanks Meridian
  - Section 26: NW1/4 of NW1/4, SW1/4 of NW1/4, SW1/4
  - Section 31: E1/2 of SW1/4, SE1/4
  - Section 32: S1/2
  - Section 33: S1/2
  - Section 34: S1/2
  - Section 35: NW1/4, NW1/4 of NE1/4, S1/2 of NE1/4, S1/2
  - Section 36: W1/2 of SW1/4, W1/2 of SE1/4 of SW1/4
- (2) Township 11 South, Range 12 East, Fairbanks Meridian
  - Section 1: NW1/4, SW1/4 of NE1/4, W1/2 of SE1/4 of NE1/4, SW1/4, W1/2 of SE1/4, W1/2 of NE1/4 of SE1/4, W1/2 of SE1/4 of SE1/4
  - Sections 2 - 5
  - Section 6: NE1/4, NE1/4 of NW1/4, SE1/4 of NW1/4, NE1/4 of SW1/4, SE1/4 of SW1/4, SE1/4
  - Section 7: NE1/4 of SW1/4, SE1/4 of SW1/4, SE1/4
  - Sections 8 - 16
  - Section 17: North of Alaska Highway Right-of-Way
  - Section 18: North of Alaska Highway Right-of-Way
  - Section 19: North of Alaska Highway Right-of-Way
  - Section 20: North of Alaska Highway Right-of-Way
  - Section 21: North of Alaska Highway Right-of-Way
  - Section 22: North of Alaska Highway Right-of-Way
  - Sections 23 - 25: North of Alaska Highway Right-of-Way
  - Section 26: North of Alaska Highway Right-of-Way
  - Section 27: North of Alaska Highway Right-of-Way
  - Section 27: South of Alaska Highway Right-of-Way and East of a line from SW corner of 27 to NE corner of 27

1 Section 34

2 Section 35: North of Alaska Highway Right-of-Way

3 Section 36: North of Alaska Highway Right-of-Way

4 (3) A 4.84 square mile parcel of land lying south of the  
5 Alaska Highway and north of the northern boundary of the Fort Greely  
6 Military Reservation and described as follows: Beginning at the  
7 Alaska Highway crossing of Rhoads Creek in Section 26, T11S, R12E,  
8 Fairbanks Meridian; then southwesterly up Rhoads Creek approximately  
9 1.0 miles to a point 2,376 feet north and 1,056 feet west of the SE  
10 corner of Section 34, T11S, R12E, Fairbanks Meridian; then northwesterly  
11 along the northern boundary of the Fort Greely Military Reservation  
12 approximately 4.4 miles to a point 1,056 feet south of the NW corner of  
13 Section 19, T11S, R12E, Fairbanks Meridian; then northerly along the  
14 range line approximately 1.2 miles to the Alaska Highway; then south-  
15 easterly along the Alaska Highway approximately 5.28 miles to the point  
16 of beginning.

17 (4) Township 11 South, Range 13 East, Fairbanks Meridian

18 Section 1: South of a line from SW corner of 1 to NE  
19 corner of 1

20 Section 2: South of a line from SE corner of 2 to NW  
21 corner of 2

22 Section 3: South of a line from SW corner of 3 to NE  
23 corner of 3

24 Section 7: NW1/4 of NW1/4, SW1/4 of NW1/4, SE1/4 of  
25 NW1/4, SW1/4, NW1/4 of SE1/4, SW1/4 of SE1/4,  
26 SE1/4 of SE1/4

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

29 Sections 10 - 16

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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

Sections 32 - 36

(5) 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

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

Section 12: NE1/4 of NE1/4

(7) Township 12 South, Range 13 East, Fairbanks Meridian

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

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

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

1 Section 9: North of Alaska Highway Right-of-Way ex-  
2 cluding T. and M. site in NE1/4  
3 Section 10: North of Alaska Highway Right-of-Way and  
4 excluding T. and M. site in the SE1/4 of section 10  
5 Sections 11 and 12  
6 Section 13: North of Alaska Highway Right-of-Way  
7 Section 14: North of Alaska Highway Right-of-Way  
8 Section 24: North of Alaska Highway Right-of-Way  
9 (8) Township 12 South, Range 14 East, Fairbanks Meridian  
10 Section 2: NW1/4, W1/2 of SW1/4, W1/2 of NE1/4 of  
11 SW1/4, W1/2 of SE1/4 of SW1/4  
12 Sections 3 - 10  
13 Section 11: W1/2 NW1/4, W1/2 of SW1/4  
14 Section 14: W1/2 of NW1/4, SW1/4, W1/2 of SW1/4  
15 of SE1/4  
16 Sections 15 - 18  
17 Section 19: North of Alaska Highway Right-of-Way  
18 Sections 20 - 23  
19 Section 25: W1/2 of NW1/4, W1/2 of SE1/4 of NW1/4,  
20 W1/2 of NE1/4 of SW1/4, W1/2 of SW1/4, SE1/4  
21 of SW1/4  
22 Sections 26 and 27  
23 Section 28: North of Alaska Highway Right-of-Way  
24 Section 29: North of Alaska Highway Right-of-Way  
25 Section 36: W1/2  
26 (9) Township 8 South, Range 10 East, Fairbanks Meridian  
27 Section 36: S1/2  
28 (10) Township 9 South, Range 10 East, Fairbanks Meridian  
29 Section 1: NE1/4

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Section 2: W1/2

Section 3: E1/2, S1/2 of SW1/4

Section 9: N1/2, NE1/4 of SW1/4, N1/4 of SE1/4

Section 10

Section 11: W1/2

Section 11: SE & SW1/4 of SE1/4

Section 12: W1/2 & SE1/4

Sections 13 - 15

Section 22: N1/2 & SE1/4

Sections 23 - 26

Sections 35 and 36

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

Section 2: NE1/4 of NW1/4, NW1/4 of NE1/4, NE1/4 of NE1/4, SE1/4 of NE1/4, E1/2 of SW1/4 of NE1/4, E1/2, NW1/4 of SE1/4, NE1/4 of SE1/4, SE1/4 of SE1/4

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

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

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

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

Sections 18 - 20

Sections 29 - 31

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

(13) Township 10 South, Range 11 East, Fairbanks Meridian

Section 6: NW1/4, NE1/4, N1/2 of NW1/4 of SW1/4, N1/2 of NE1/4 of SW1/4, N1/2 of NW1/4 of SE1/4, N1/2

1 of NE1/4 of SE1/4

2 Sec. 38.08.130. PUBLIC HIGHWAY RIGHT-OF-WAY. All rights-of-way  
3 for public highways under AS 19.10.010 not in use on the effective date  
4 of this section and located within the boundaries of the Delta-Clear-  
5 water-Tanana Loop agricultural development project as described in sec.  
6 120 of this chapter remain in effect. An agricultural production area  
7 established within the project as described in sec. 120 of this chapter  
8 may utilize the public right-of-way for agricultural production. If the  
9 public right-of-way is needed for public use, the owner or lessee of the  
10 land encumbered by the right-of-way shall be compensated for agricul-  
11 tural development land necessary for the public use.

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

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

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

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

21 (b) The commissioner may

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

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

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

5 (4) exercise the powers and do the acts necessary to carry  
6 out the provisions and objectives of this chapter and ch. 8 of this  
7 title;

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

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

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

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

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

1 \* Sec. 6. AS 38.05.045 is amended to read:

2       Sec. 38.05.045. GENERALLY. All lands owned in fee by the state or  
3 to which the state may become entitled, excepting tide, submerged or  
4 shorelands, [AND] timber or grazing lands, and lands located within an  
5 agricultural development project under ch. 8 of this title may be sold  
6 as provided in secs. 45 - 69 of this chapter. However, this section  
7 does not prevent the disposition of lands as provided in secs. 300 - 348  
8 of this chapter.

9 \* Sec. 7. AS 38.07.010 is amended to read:

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

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

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

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

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

24       (e) This section does not apply to the clearing, breaking or  
25 draining of lands within an agricultural development project under ch. 8  
26 of this title. The provisions for sale of agricultural rights under  
27 that chapter will control.

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

29       (4) "director" means the director of the division of agricul-

1           ture.

2           \* Sec. 11. This Act takes effect immediately in accordance with AS 01.10.-  
3 070(c).

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