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Offered: 6/14/78
Referred: Rules

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 720

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 state land; and providing for an
7 effective date."

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

9 * Section 1. (a) The director of the division of lands in the Department
10 of Natural Resources shall, no later than November 1, 1978, reserve 20,000
11 acres of state land for homesite entry in accordance with the procedures
12 established in AS 38.08.

13 (b) The director of the division of lands in the Department of Natural
14 Resources shall, no later than November 1, 1978, reserve for sale by lottery
15 under the provisions of AS 38.05.057 enacted in sec. 9 of this Act a minimum
16 of 10,000 acres of state land for residential use which is otherwise vacant,
17 unappropriated and unreserved. The land shall be sold in parcels not to
18 exceed five acres in reasonably compact form, with boundaries conforming as
19 nearly as practicable to natural geologic and topographic features.

20 (c) The director of the division of lands in the Department of Natural
21 Resources shall to the greatest extent possible, before November 1, 1978,
22 dispose of land that is surveyed or platted and classified as agricultural,
23 commercial, industrial, private recreation, residential, utility, or open-
24 to-entry.

25 * Sec. 2. REDESIGNATION AND DISPOSAL OF MENTAL HEALTH LAND. (a) Land
26 granted to the state under the Mental Health Enabling Act of 1956, 70 Stat.
27 709, and patented to or approved for patent to the state on July 1, 1978 and
28 land designated as mental health land which was received by the state in
29 exchange for land granted under that federal land grant is redesignated as

1 general grant land and, except as provided in sec. 16 of this Act, shall be
2 managed and disposed of by the Department of Natural Resources under appli-
3 cable provisions of law.

4 (b) The redesignation of mental health land in (a) of this section does
5 not affect the validity of a deed, contract for sale, lease, easement, right-
6 of-way, permit, mineral lease disposal, or other conveyance of that land
7 executed before July 1, 1978.

8 * Sec. 3. AS 37 is amended by adding a new chapter to read:

9 CHAPTER 14. MENTAL HEALTH FUND.

10 Sec. 37.14.010. MENTAL HEALTH FUND ADVISORY BOARD CREATED. (a)

11 There is created in the Department of Revenue the Mental Health Fund
12 Advisory Board composed of the director of the division of mental
13 health, the chairman of the Mental Health Advisory Council, and the
14 commissioner of the Department of Revenue.

15 (b) The board shall elect a chairman from the membership of the
16 board. Members serve without compensation but are entitled to per diem
17 and travel expenses authorized by law for other boards.

18 Sec. 37.14.020. POWERS AND DUTIES OF BOARD. The board has the
19 following powers and duties:

20 (1) to hold regular meetings and special meetings considered
21 necessary;

22 (2) to have prepared an annual accounting of the total prin-
23 cipal and income of the mental health fund established in sec. 30 of
24 this chapter;

25 (3) to prepare long-range investment plans for the fund
26 established in sec. 30 of this chapter.

27 Sec. 37.14.030. MENTAL HEALTH FUND ESTABLISHED. (a) There is
28 established as a separate fund the mental health fund.

29 (b) The principal of the fund consists of sums transferred under

1 sec. 70 of this chapter.

2 (c) The income of the fund consists of the interest and dividends
3 earned from investments of the fund under sec. 60 of this chapter.

4 Sec. 37.14.040. DUTIES OF COMMISSIONER OF REVENUE. The commis-
5 sioner of revenue is the treasurer of the fund and shall

6 (1) act as official custodian of the cash and securities
7 belonging to the fund and provide adequate safe deposit facilities for
8 them;

9 (2) receive cash belonging to the fund;

10 (3) collect the principal on securities acquired for the fund
11 and deposit it in the fund;

12 (4) collect interest and dividends earned on investments of
13 the fund and credit the income account of the fund;

14 (5) invest and reinvest the principal of the fund in accor-
15 dance with sec. 60 of this chapter.

16 Sec. 37.14.050. FUND UTILIZATION. The principal of the fund shall
17 be retained in the fund for investment as specified in sec. 60 of this
18 chapter. The income of the fund may not be appropriated for a purpose
19 other than the support of the state mental health program.

20 Sec. 37.14.060. INVESTMENTS. (a) The commissioner of revenue,
21 with the approval of the board, may invest the principal of the fund in
22 the same manner specified in AS 39.35.110 for the investment of surplus
23 pension funds.

24 (b) The commissioner of revenue may

25 (1) invest and reinvest the principal of the fund;

26 (2) sell, exchange, convey, transfer, or otherwise dispose of
27 an investment of the fund by private contract or at public auction;

28 (3) vote upon a stock, bond, or other security; give a gener-
29 al or special proxy or power of attorney with or without power of sub-

1 stitution; exercise a conversion privilege, subscription right, or other
2 option and make payments incidental to it; consent to or participate in
3 a corporate reorganization or other change affecting corporate securi-
4 ties, delegate discretionary power, pay an assessment or charge in con-
5 nection with the delegation; and generally exercise any of the powers of
6 an owner with respect to stocks, bonds, securities, or other investments
7 held in the fund;

8 (4) make, execute, acknowledge, and deliver documents of
9 transfer and conveyance and instruments necessary or appropriate to
10 carry out the powers granted;

11 (5) register investments held in the fund in the name of the
12 board;

13 (6) do all acts whether or not expressly authorized which are
14 considered proper for the protection of the investments held in the
15 fund.

16 Sec. 37.14.070. CONTRIBUTIONS. During each fiscal year the com-
17 missioner of the Department of Revenue shall transfer to the fund a sum
18 equal to one and one-half per cent of the total receipts derived from
19 the management of state land, including amounts paid to the state as
20 proceeds of sale or annual rent of surface rights, mineral lease
21 rentals, royalties, royalty sale proceeds, and federal mineral revenue
22 sharing payments or bonuses.

23 Sec. 37.14.080. DEFINITIONS. In this chapter,

24 (1) "board" means the Mental Health Fund Advisory Board;

25 (2) "fund" means the mental health fund established in sec.

26 30 of this chapter.

27 * Sec. 4. AS 38 is amended by adding a new chapter to read:

28 CHAPTER 4. POLICY FOR USE AND CLASSIFICATION

29 OF STATE LAND SURFACE.

1 ARTICLE 1. PUBLIC AND PRIVATE LAND USE.

2 Sec. 38.04.005. POLICY. (a) In order to provide for maximum use
3 of state land consistent with the public interest, it is the policy of
4 the State of Alaska to plan and manage state-owned land to establish a
5 balanced combination of land available for both public and private
6 purposes. The choice of land best suited for public and private use
7 shall be determined through the inventory, planning, and classification
8 processes set out in secs. 60 - 70 of this chapter.

9 (b) In classifying state land for private use and settlement
10 purposes, the director shall make adequate provision for public open
11 space which is accessible to communities so that natural areas are
12 easily reached from all communities and settled areas. The amount of
13 that land shall be sufficient to meet existing and projected needs for
14 accessible public recreation land. Special care shall be taken to
15 preserve public access to public water and to retain state ownership of
16 sufficient land which combine high value for recreation and other public
17 purposes with accessibility to settled areas. This classification for
18 public purposes does not constitute dedication to open space, but the
19 division's management of land so classified shall be in a manner to
20 preserve the identified values.

21 (c) In allocating land for private use and public retention, the
22 requirements of future generations shall be considered. To this end, a
23 supply of state land of a variety of types and locations shall be re-
24 served to provide an opportunity for future decisions.

25 (d) Private land use rights are integral to the material well-
26 being of the people of Alaska and our society.

27 (e) Involvement of municipalities and local residents is essential
28 in the decision-making process which leads to making state land avail-
29 able for private use.

1 Sec. 38.04.010. PUBLIC INTEREST IN MAKING LAND AVAILABLE FOR
2 PRIVATE USE. (a) The primary public interest in conveying rights to
3 state land surface to private parties is to make them available to
4 individuals and other persons for direct use in areas classified as
5 suitable for these purposes. In making state land available for private
6 use, the director shall seek to guide year-round settlement to areas
7 where public services already exist, or can be extended with reasonable
8 economy, or where development of a viable economic base is probable.

9 (b) State land which is located beyond the range of existing
10 schools and other necessary public services, or which is located where
11 development of sources of employment is improbable, may be made avail-
12 able for seasonal recreational purposes or for low density settlement,
13 with sufficient separation between residences so that public services
14 will not be necessary or expected.

15 Sec. 38.04.015. PUBLIC INTEREST IN RETAINING STATE LAND IN PUBLIC
16 OWNERSHIP. The primary public interests in retaining areas of state
17 land surface in public ownership are:

18 (1) to make them available on a sustained-yield basis for a
19 variety of beneficial uses including subsistence, energy development,
20 aquaculture, forestry, grazing, sport hunting and fishing, hiking,
21 snowmobiling, skiing, and other activities of a type which can generally
22 be made available to more people and conducted more successfully if the
23 land is in public rather than private ownership;

24 (2) to facilitate mining and mineral leasing by managing
25 appropriate public land for surface uses which are compatible with
26 subsurface uses;

27 (3) to protect critical wildlife habitat and areas of special
28 scenic, recreational, scientific, or other environmental concern;

29 (4) to restrict development in hazardous locations such as

1 floodplains and avalanche zones; and

2 (5) to guide the location of settlement and development to
3 minimize public costs and maximize social and economic benefits.

4 ARTICLE 2. LAND AVAILABILITY FOR PRIVATE USE.

5 Sec. 38.04.020. TIMING AND AMOUNT. On a continuing or annual
6 basis, the director shall make available for private use an array of
7 state land suitable for a variety of uses. During fiscal year 1979, the
8 director shall make available a minimum of 50,000 acres, not more than
9 10 per cent of which may be made available for leasing. Annually there-
10 after, the following three options for the state land availability
11 program shall be submitted to the legislature along with the administra-
12 tion's budget: an increased-level program, a current-level program, and
13 a reduced-level program. At least one option shall include at least
14 50,000 acres.

15 Sec. 38.04.025. VARIETY OF USES. In making state land available
16 for private use, the director shall endeavor to accommodate persons with
17 a current need and anticipated use for the land. To this end, the
18 director shall assess the nature of the supply and demand for state land
19 in different regions and locations of the state, taking into account the
20 supply of available land under other ownership, and shall make land
21 available in locations and under programs suited to the differing needs
22 of prospective users throughout the state.

23 Sec. 38.04.030. LAND AVAILABILITY PROGRAMS. Programs which may be
24 used by the director to make the state's land surface available for
25 private use under this section include sale of whole or partial rights
26 to the fee simple estate, including conveyance of agricultural use
27 rights; leasing; open-to-entry; homesiting; homesteading; permitting for
28 construction and occupation of cabins in isolated locations on land
29 retained in state ownership; and other methods as provided by law.

1 Sec. 38.04.035. CRITERIA FOR PROGRAM SELECTION. In determining
2 which land availability program is appropriate for state lands in dif-
3 ferent locations, the director shall be guided by the following cri-
4 teria:

5 (1) To cover public costs associated with private land use
6 and to provide the public with a fair return for publicly owned pro-
7 perty, conveyance of state land to private parties should be at fair
8 market value except where otherwise authorized by statute, or by an
9 administrative regulation the adoption of which is specifically per-
10 mitted by statute.

11 (2) Sale or lease programs should be used where land is
12 readily accessible to a major community center or where, because of a
13 prime location on waterfront or a transportation route or some other
14 location characteristic, land has relatively high real estate value.

15 (3) Sale programs are preferred but lease programs should be
16 used

17 (A) where special land use controls are required and
18 there is a high public interest in having certain types of land
19 used for particular purposes;

20 (B) when the intended use is a temporary one;

21 (C) in commercial or industrial situations when a lease-
22 hold can provide cash flow advantages to the lessee;

23 (D) when a unique location with special public values is
24 involved, as in a deep water port, hydroelectric site, or aqua-
25 culture facility;

26 (E) where current demand for private use is high, but
27 projections suggest that, in the future, the land may be more
28 valuable for public use, as in accessible waterfront recreation
29 areas.

1 (4) For enabling isolated cabin development in remote loca-
2 tions where survey and conveyance is impractical, a system for cabin
3 permits on public land may be used.

4 (5) Limited or conditional title may be granted when the
5 state's best interest so dictates. Among other things, title limita-
6 tions may include grants of agricultural interest only, retention of
7 development rights, and retention of scenic or other easements. A
8 conditional title may be tied to a development schedule or other stan-
9 dards of performance.

10 Sec. 38.04.040. AVAILABILITY OF SCHOOL LAND AND UNIVERSITY LAND.
11 School land and university land may be made available at fair market
12 value for private use under the purposes of this chapter; however, any
13 action to do so shall be in accordance with statutes pertaining to these
14 lands and the authority of the Board of Education and the Board of
15 Regents of the University of Alaska.

16 Sec. 38.04.045. SURVEY AND SUBDIVISION. (a) State land to be
17 conveyed in fee simple or less than fee simple estate shall be sub-
18 divided so that lots and tracts are of a size which fits the require-
19 ments of individual users and reflects the physical characteristics of
20 the land, except that in locations where there is an inadequate margin
21 between the demand for and the supply of vacant land, the state may make
22 land available for private acquisition in parcels that are larger than
23 required for individual use.

24 (b) Before the conveyance of surface rights to state land, an
25 official cadastral survey shall be accomplished, unless a comparable,
26 acceptable survey exists that has been conducted by the Federal Bureau
27 of Land Management. The rectangular survey section corner positions
28 shall be monumented and shown on a cadastral survey plat approved by the
29 state. However, for those areas where the state may wish to convey

1 surface estate outside of an Official Cadastral Survey grid, the direc-
2 tor may waive monumentation of all individual section corner positions
3 and substitute an official control survey with control points being
4 monumented at approximately two-mile intervals and shown on control
5 survey plats approved by the state. No portion of land to be conveyed
6 may be located more than two miles from such a survey control monument.
7 The lots and tracts in state subdivisions shall be monumented and the
8 cadastral survey and plats for the subdivision shall be approved by the
9 state. Where land is located within a municipality with planning,
10 platting, and zoning powers, plats for state subdivisions shall comply
11 with local ordinances and regulations in the same manner and to the same
12 extent as plats for subdivisions by other landowners. State subdivi-
13 sions shall be filed in the district recorder's office. The require-
14 ments of this section do not apply to land made available through a
15 cabin permit system, material sales, or short-term leases; however, for
16 short-term leases the lessee must comply with local subdivision ordi-
17 nances unless waived by the municipality under procedures specified by
18 ordinance.

19 Sec. 38.04.050. ACCESS TO PRIVATE USE AREAS. Wherever state land
20 is surveyed for purposes of private use, adequate rights-of-way and
21 easements shall be reserved as necessary for access and, where appro-
22 priate, for power and telephone service to each parcel of land. Where
23 necessary and appropriate for the use intended, the director shall
24 arrange for the development of surface access as part of the land avail-
25 ability program. The direct cost of local access development shall be
26 borne by the recipient of the land unless otherwise provided by state
27 statutes or regulations.

28 Sec. 38.04.055. ACCESS THROUGH PRIVATE USE AREAS. The director
29 shall reserve easements and rights-of-way on and across land which is

1 made available for private use as necessary to reach or use public water
2 and public and private land.

3 ARTICLE 3. INVENTORY, PLANNING, AND CLASSIFICATION.

4 Sec. 38.04.060. INVENTORY. (a) The commissioner shall prepare
5 and maintain on a continuing basis an inventory of all state land and
6 water and their resource and other values, giving priority to areas of
7 potential settlement, economic development, and critical environmental
8 concern. This inventory shall be kept current so as to reflect changes
9 in conditions and to identify new and emerging resource and other
10 values.

11 (b) The commissioner's inventory shall include land and water
12 under interagency assignment of land management authority and land and
13 water proposed for such an assignment. That land and water must be
14 reviewed at regular intervals to analyze current and proposed uses as
15 these uses relate to alternative uses for all or part of the land and to
16 determine the uses which best provide for the public interest.

17 (c) As funds and manpower are made available, the commissioner
18 shall provide local and federal governments and major private landowners
19 with data from the inventory for the purpose of planning and managing
20 the uses of land in proximity to state land.

21 Sec. 38.04.065. LAND USE PLANNING AND CLASSIFICATION. (a) The
22 commissioner shall, with local governmental and public involvement in
23 accordance with AS 38.05.305, develop, maintain and, when appropriate,
24 revise land use plans which provide, by regions or areas, for the use of
25 the state-owned land.

26 (b) In the development and revision of land use plans, the commis-
27 sioner shall

28 (1) use and observe the principles of multiple use and sus-
29 tained yield;

1 (2) consider physical, economic, and social factors affecting
2 the region or area and involve other agencies and the public in achiev-
3 ing a systematic interdisciplinary approach;

4 (3) give priority to planning and classification in areas of
5 potential settlement and critical environmental concern;

6 (4) rely, to the extent that it is available, on the inven-
7 tory of the state land, its resources, and other values;

8 (5) consider present and potential uses of state land;

9 (6) consider the supply, resources, and present and potential
10 use of land under other ownership within the area or region of concern;

11 (7) plan for compatible surface and mineral land use classi-
12 fications; and

13 (8) provide for meaningful participation in the planning
14 process by affected local governments, state and federal agencies,
15 adjacent landowners, and the general public.

16 (c) As a basis for more detailed land use planning and classifi-
17 cation, the commissioner shall develop regional land use plans for the
18 use of all state land. These regional plans shall identify and de-
19 lineate

20 (1) areas of settlement and settlement impact, where land
21 must be classified for various private uses and for public recreation,
22 open space, and other public uses desirable in and around settlement;
23 and

24 (2) areas which must be retained in state ownership and
25 planned and classified for various uses and purposes in accordance with
26 sec. 15 of this chapter.

27 (d) Official regional or area plans and subsequent amendments
28 adopted by the commissioner after public and local governmental parti-
29 cipation shall be signed and dated by the commissioner. Land classifi-

1 cations shall be made in accordance with these official plans.

2 (e) Land shall be classified as provided in AS 38.05.300.

3 (f) Decisions about the location of easements and rights-of-way,
4 other than for minor access, shall be integrated with land use planning
5 and classification for the appropriate area or region.

6 (g) Land use plans adopted by the commissioner under this section
7 shall be consistent with local governmental land use plans to the maxi-
8 mum extent he determines to be consistent with the state interests and
9 the purposes of this chapter.

10 Sec. 38.04.070. MANAGEMENT SYSTEMS. State land classified for
11 uses and purposes involving retention in public ownership may be in-
12 cluded in the following management systems:

13 (1) State Public Reserve System: areas of public land to be
14 managed for a wide variety of compatible uses and purposes in accordance
15 with the principles of multiple use and sustained yield; land designated
16 to this system may include, but need not be limited to, state forest
17 reserves and state wildlife reserves as well as land classified for
18 public purposes within settlement impact areas;

19 (2) State Park System: areas with special recreational,
20 scenic, cultural, historical, wilderness, or similar values, to be
21 managed primarily for the public use and enjoyment of these values;

22 (3) State Trail System: a system of public historic or
23 recreational trails;

24 (4) Wild and Scenic River Systems: a system of rivers with
25 special natural, scenic, and recreational values designated by the state
26 to be managed as part of the national system of wild and scenic rivers
27 in accordance with the federal Wild and Scenic Rivers Act (82 Stat. 906;
28 16 U.S.C. 1271 et seq.);

29 (5) State Public Domain: land within areas designated on

1 regional plans as settlement and settlement impact which are not part of
2 the management systems listed in (1) - (4) of this subsection; through
3 classification, this land may be made available for private use, settle-
4 ment, and development as well as for public uses associated with settle-
5 ment and development.

6 ARTICLE 4. GENERAL PROVISIONS.

7 Sec. 38.04.900. REGULATIONS. (a) The commissioner shall adopt
8 under the Administrative Procedure Act (AS 44.62) regulations he be-
9 lieves are necessary to carry out the purposes of this chapter. Within
10 120 days after the effective date of this Act, the director shall submit
11 to the commissioner draft regulations implementing this chapter and
12 revising regulations in effect on the effective date of this Act per-
13 taining to planning, classification, management, and disposal of the
14 state's surface estate in land. New and revised regulations shall be
15 integrated in a single comprehensive draft compatible with the structure
16 of the Alaska Administrative Code. In preparing this draft, the
17 director shall seek to simplify and clarify regulations governing land
18 planning, classification, management, and disposal.

19 (b) A municipality has standing to petition the commissioner for
20 the adoption of a regulation, or for the amendment or repeal of an
21 existing regulation, or to appeal a decision of the commissioner with
22 respect to classification, management, or disposal of land made under
23 authority of a regulation adopted under (a) of this section with respect
24 to state land outside the corporate boundaries of the municipality to
25 protect any interest which the municipality is authorized to regulate
26 outside its boundaries under AS 29.48.037.

27 (c) If the regulations adopted by the commissioner under (a) of
28 this section fail to provide for a process by which decisions of the
29 commissioner may be appealed, an interested person may petition for re-

1 consideration of a decision. The petition shall contain the information
2 required to be submitted by AS 44.62.220 and shall be acted upon by the
3 commissioner in the manner provided in AS 44.62.230. For purposes of
4 this section, a municipality is an interested person with respect to its
5 interests in land defined in (b) of this section.

6 Sec. 38.04.910. DEFINITIONS. In this chapter, unless the context
7 otherwise requires,

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

10 (2) "director" means the director of the division of lands of
11 the Department of Natural Resources;

12 (3) "fair market value" means the price at which a willing
13 seller and a willing buyer will trade;

14 (4) "multiple use" means the management of state land and its
15 various resource values so that it is used in the combination that will
16 best meet the present and future needs of the people of Alaska, making
17 the most judicious use of the land for some or all of these resources or
18 related services over areas large enough to provide sufficient latitude
19 for periodic adjustments in use to conform to changing needs and condi-
20 tions; it includes

21 (A) the use of some land for less than all of the re-
22 sources, and

23 (B) a combination of balanced and diverse resource uses
24 that takes into account the short-term and long-term needs of
25 present and future generations for renewable and nonrenewable
26 resources, including, but not limited to, recreation, range, tim-
27 ber, minerals, watershed, wildlife and fish, and natural scenic,
28 scientific, and historic values;

29 (5) "official cadastral survey" means a United States public

1 land survey or a survey executed under survey instructions issued by the
2 division for the purpose of preparing a cadastral survey plat, and
3 approved and accepted by the division for the state's official records;

4 (6) "official control survey" means a position marked on the
5 ground by triangulation or traverse stations established in conformity
6 with standards adopted by United States Coastal and Geodetic Survey for
7 first, second and third order work, whose geodetic positions have been
8 rigidly adjusted on the North American datum of 1927 and approved by the
9 division;

10 (7) "short-term lease" means a lease for a term of five years
11 or less;

12 (8) "state park" means an area of state land designated by
13 law to be managed for public use and enjoyment of recreational, scenic,
14 cultural, historical, wilderness, and similar values, including but not
15 limited to areas designated under

16 (A) AS 41.20.050 - 41.20.060, roadside rests and recrea-
17 tional beaches;

18 (B) AS 41.20.130 - 41.20.160, 41.20.330 - 41.20.345, ch.
19 61 SLA 1966, and ch. 26 SLA 1967, state recreation areas;

20 (C) AS 41.20.170 - 41.20.320, state parks; and

21 (D) AS 41.35.030, state monuments and historic sites;

22 (9) "state trail" means an area designated by law to be
23 managed as a public historic or recreational trail including but not
24 limited to

25 (A) trails designated under AS 41.20.070 - 41.20.120,
26 wilderness trails and campsites; and

27 (B) trails and footpaths designated under AS 41.20.355 -
28 41.20.375;

29 (10) "sustained yield" means the achievement and maintenance

1 in perpetuity of a high level annual or regular periodic output of the
2 various renewable resources of the state lands consistent with multiple
3 use.

4 (11) "wild and scenic river" means a free-flowing river or
5 stream designated as provided in the Federal Wild and Scenic Rivers Act
6 (82 Stat. 906; 16 U.S.C. 1271-1287);

7 * Sec. 5. AS 38.05.180(a) is amended to read:

8 (a) All tide and submerged lands, [MENTAL HEALTH LANDS,] school
9 lands, and university lands shall be leased by competitive bidding, and
10 whenever oil or gas is [IN] discovered in commercial quantities, the
11 commissioner shall determine the extent of the area of lands in addition
12 to tide, submerged, [MENTAL HEALTH LANDS,] school, or university lands
13 in the same general area of the discovery well which, by reason of the
14 discovery, the commissioner reasonably believes to be capable of pro-
15 ducing oil or gas, and the additional lands shall be leased to the
16 highest responsible qualified bidder by competitive bidding under
17 general regulations, in units of not exceeding 2,560 acres (except that
18 tide and submerged lands shall be leased in units of not exceeding 5,760
19 acres), which shall be as nearly compact in form as possible, upon the
20 payment by the lessee of such bonus as may be accepted by the commis-
21 sioner and of such royalty as may be fixed in the lease which shall not
22 be less than 12 1/2 per cent in amount or value of the production re-
23 moved or sold from the lease. All lands other than those above provided
24 to be leased by competitive bidding may be leased competitively or
25 noncompetitively as determined by the commissioner to be in the best
26 interests of the state. Noncompetitive leases shall be issued in units
27 of not exceeding 2,560 acres in any one lease. Noncompetitive leases
28 shall be conditioned upon the payment by the lessee of a royalty of 12
29 1/2 per cent in amount or value of the production removed or sold from

1 the lease. Competitive leases issued under this subsection shall be for
2 10 years except that in the Cook Inlet sedimentary basin, leases shall
3 be for a primary term of not more than 10 years and not less than five
4 years at the discretion of the commissioner, and shall continue so long
5 thereafter as oil or gas is produced in paying quantities. Noncompeti-
6 tive leases issued under this subsection shall be for a primary term of
7 five years and shall continue so long thereafter as oil or gas is pro-
8 duced in paying quantities. If drilling has commenced on the expiration
9 date of the primary term of the lease and is continued with reasonable
10 diligence, such operations to include redrilling, sidetracking or other
11 means necessary to reach the originally proposed bottom hole location,
12 the lease shall continue in effect until 90 days after drilling has
13 ceased and for so long thereafter as oil or gas is produced in paying
14 quantities. If all or part of the lands covered by the lease are lands
15 that have been selected by the state under laws of the United States
16 granting lands to the state and a patent has not been issued on them, a
17 conditional lease may be issued. However, no term extension may be
18 granted for the period during which the lease was conditional.

19 * Sec. 6. AS 38.08.010(a) is repealed and re-enacted to read:

20 (a) The director shall reserve and make available for homesite
21 entry state land in amounts and at times as required in AS 38.04.020 or
22 as may otherwise be required by law.

23 * Sec. 7. AS 38.08.010 is amended by adding a new subsection to read:

24 (d) The director shall, to as great an extent as possible, classi-
25 fy land for homesite entry based upon the distribution of population in
26 the state.

27 * Sec. 8. AS 38.08.020 is amended to read:

28 Sec. 38.08.020. OFFERING OF LAND FOR HOMESITE ENTRY. [FOLLOWING
29 CLASSIFICATION OF LAND FOR HOMESITE ENTRY, OFFERINGS OF HOMESITE ENTRY

1 LAND SHALL BE MADE ON A ROTATING BASIS FROM AMONG THE FOUR JUDICIAL DIS-
2 TRICTS OF THE STATE.] The director shall publish notice of the avail-
3 ability of the land for at least three consecutive weeks through the
4 electronic media and in at least three newspapers of general circulation
5 in the state, at least one of which, if possible, shall be a newspaper
6 of general circulation in the vicinity of the available land.

7 * Sec. 9. AS 38.08.030(a)(2) is amended to read:

8 (2) submit proof acceptable to the commissioner that he is a
9 resident of the state at the time of application, and that he has been a
10 resident of the state for not less than three [SIX] years immediately
11 preceding the date his application was submitted, or that he has been a
12 resident for 20 years cumulatively;

13 * Sec. 10. AS 38.08.060(a)(2) is amended to read:

14 (2) erects a habitable, permanent, single-family dwelling on
15 the homesite, which meets all applicable state and local regulations,
16 within five [THREE] years of the date of issuance of the homesite entry
17 permit; for the purposes of this paragraph, mobile homes are not con-
18 sidered to be permanent dwellings unless they are placed on a permanent
19 foundation;

20 * Sec. 11. AS 38.08.110 is amended to read:

21 Sec. 38.08.110. REGULATIONS. The commissioner shall adopt regu-
22 lations in accordance with AS 44.62.180 - 44.62.290 to carry out the
23 purposes of this chapter, including, but not limited to, regulations
24 relating to easements and access routes.

25 * Sec. 12. AS 38.50.040 is amended to read:

26 Sec. 38.50.040. LAND SUBJECT TO EXCHANGE. Except as otherwise
27 provided in this chapter, the director is authorized to convey for
28 purposes of exchange any state land or interest in land regardless of
29 the authority under which the land or interest was obtained by the

1 state. The conveyance of university land and school land shall be
2 approved in the manner prescribed in AS 38.05.030 [, AND THE CONVEYANCE
3 OF MENTAL HEALTH LAND SHALL BE APPROVED BY A BOARD COMPOSED OF THE
4 DIRECTOR OF THE DIVISION OF MENTAL HEALTH, THE CHAIRMAN OF THE MENTAL
5 HEALTH ADVISORY COUNCIL, AND THE COMMISSIONER OF REVENUE].

6 * Sec. 13. AS 38.50.110(a)(6) is amended to read:

7 (6) mail the notice to the appropriate board or other entity or
8 person with approval authority as indicated in sec. 40 of this chapter
9 and AS 38.05.030, when university land or [,] school land [, OR MENTAL
10 HEALTH LAND] is involved in the proposed exchange;

11 * Sec. 14. AS 38.05.035(a)(13) and 38.05.365(8) are repealed.

12 * Sec. 15. Section 5 of this Act takes effect only if a version of an Act
13 entitled "An Act relating to the leasing and exploration of state land for
14 oil and gas development" fails to become law.

15 * Sec. 16. (a) Section 2 of this Act takes effect July 1, 1978 except
16 that the redesignation of mental health land under that section, as to mental
17 health land located in a municipality eligible to select mental health land
18 under AS 29.18, takes effect July 1, 1979.

19 (b) The provisions of AS 29.18 providing for the selection of mental
20 health land by certain municipalities are, with respect to mental health land
21 selected by an eligible municipality before July 1, 1979, paramount to all
22 other rights to that land when redesignated as general grant land by sec. 2
23 of this Act. A municipality which, not later than June 30, 1979, selects
24 vacant mental health land located in that municipality in partial fulfillment
25 of an entitlement granted under AS 29.18 may secure title to that land sub-
26 ject only to the provisions of sec. 2(b) of this Act.

27 * Sec. 17. Section 16 of this Act takes effect on the effective date of a
28 version of an Act entitled, "An Act providing for the selection and transfer
29 of state lands to municipalities," and amending AS 29.18 to provide for the

1 selection by and conveyance to municipalities of certain mental health land
2 in partial fulfillment of municipal land entitlements.

3 * Sec. 18. Sections 1, 3, 4, and 6 - 15 of this Act take effect immedi-
4 ately in accordance with AS 01.10.070(c).

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