

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE
(By Request of the Agricultural
Policy Task Force)

2 SENATE BILL NO. 291

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to development of state agricultural
7 land; and providing for an effective date."

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

9 * Section 1. AS 44 is amended by adding a new chapter to read:

10 CHAPTER 55. ALASKA AGRICULTURAL AUTHORITY.

11 Sec. 44.55.010. LEGISLATIVE FINDING AND POLICY. (a) The legisla-
12 ture finds, determines and declares that

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

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

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

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

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

26 (b) It is declared to be the policy of the state, in the interests
27 of promoting the health, security and general welfare of all the people
28 of the state, and a public purpose, to increase job opportunities and
29 otherwise to encourage the economic growth of the state, to stimulate

1 agricultural production as a renewable resource so that the people of
2 Alaska can produce a substantial portion of their food for Alaskan and
3 export markets, to create a legal entity to place state agricultural
4 land into production, by creating a public corporation with the powers,
5 duties and functions as provided in this chapter.

6 Sec. 44.55.020. CREATION OF AUTHORITY. There is created the
7 Alaska Agricultural Authority. The authority is a public corporation of
8 the state and a body corporate and politic constituting a political sub-
9 division within the Department of Natural Resources, but with separate
10 and independent legal existence.

11 Sec. 44.55.030. MEMBERSHIP OF THE AUTHORITY. The membership of
12 the authority consists of seven natural persons, six of whom shall be
13 residents of the state and four of whom shall be representative of
14 different aspects of Alaskan agriculture. Members of the authority are
15 appointed by the governor and serve at his pleasure. Appointments to
16 the authority shall be made without regard to political affiliation and
17 shall represent each judicial district in the state. In addition,
18 individuals from the financial community shall be considered for ap-
19 pointment by the governor.

20 Sec. 44.55.040. CHAIRMAN AND VICE-CHAIRMAN. The membership of the
21 authority shall elect a chairman of the authority. He shall preside
22 over all meetings, has the duties which the authority may direct, and
23 shall serve for one or more terms of two years each. A vice-chairman
24 may be elected by the authority from among its other members for one or
25 more terms of one year each. The vice-chairman presides over all meet-
26 ings in the absence of the chairman and has other duties which the
27 authority may direct.

28 Sec. 44.055.050. MEETINGS, COMPENSATION, OFFICERS AND EMPLOYEES.

29 (a) A majority of the members of the authority constitutes a quorum for

1 the transaction of business or the exercise of a power or function at a
2 meeting of the authority. In case of a tie vote on a motion or resolu-
3 tion pending before the authority, the motion or resolution shall be
4 presented to the governor and if approved by him is considered adopted
5 by the authority.

6 (b) The members of the authority serve without salary, but each
7 member is entitled to reimbursement from authority funds for actual and
8 necessary expenses incurred in the performance of his official duties as
9 a member of the authority.

10 (c) The authority may appoint persons as officers it considers
11 advisable, including an executive director or executive vice-president,
12 and may employ professional advisors, counsel, technical experts,
13 agents, and other employees it considers advisable.

14 ARTICLE 2. PURPOSE AND POWERS.

15 Sec. 44.55.060. PURPOSE OF THE AUTHORITY. The purpose of the
16 authority is to promote, develop and advance the general prosperity and
17 economic welfare of the people of Alaska, to relieve problems of unem-
18 ployment and to create additional employment by providing for a means to
19 develop large tracts of agricultural land in the state for agricultural
20 production.

21 Sec. 44.55.070. POWERS OF THE AUTHORITY. In furtherance of its
22 corporate purposes, in addition to its other powers the authority has
23 the power to

- 24 (1) sue and be sued;
- 25 (2) have a seal and alter it at pleasure;
- 26 (3) make and alter bylaws for its organization and internal
27 management;
- 28 (4) make rules and regulations governing the exercise of its
29 corporate powers;

1 (5) construct and operate facilities for storage, processing,
2 transportation, and marketing of agricultural commodities;

3 (6) provide electrical utility service when unavailable from
4 other sources;

5 (7) make loans to individuals selected under sec. 180 of this
6 chapter for equipment, improvements, or operating expenses to put the
7 land into agricultural production;

8 (8) encourage agricultural research and development when
9 necessary to implement the purpose of this chapter;

10 (9) borrow money, make and issue bonds, notes and other
11 evidences of indebtedness of the authority for any of its corporate
12 purposes and to secure payment of its bonds and of other obligations by
13 pledge of or lien on all or any of its assets, contracts, revenue and
14 income;

15 (10) make and issue bonds for the purpose of funding, re-
16 funding, purchasing, paying or discharging any of the outstanding bonds
17 or obligations issued or assumed by it or bonds or obligations the
18 principal or interest of which is payable in whole or in part from its
19 revenue;

20 (11) sell, exchange, donate, convey or encumber in any manner
21 by mortgage or by creation of any other security interest, real or
22 personal property owned by it, when, in the judgment of the authority,
23 the action is in furtherance of its corporate purposes;

24 (12) accept gifts, grants or loans from, and enter into
25 contracts or other transactions regarding them, with a federal agency or
26 an agency or instrumentality of the state, a municipality, private or-
27 ganization or other source;

28 (13) accept from the commissioner the jurisdiction for the
29 sale, lease and development of land available for disposal by the state

1 located within a project designated under sec. 160(d) of this chapter
2 and classified for agricultural use;

3 (14) deposit or invest its funds including revenue received
4 from the sale or lease of land under its jurisdiction, subject to
5 agreements with bondholders;

6 (15) enter into contracts or agreements with respect to the
7 exercise of any of its powers, and do all things necessary or convenient
8 to carry out its corporate purposes and exercise the powers granted in
9 this chapter;

10 (16) conduct surveys, feasibility studies, and preliminary
11 development plans required under this chapter;

12 (17) manage, inspect and control state land and improvements
13 on it belonging to the state and under the jurisdiction of the author-
14 ity;

15 (18) execute laws, regulations and orders adopted by the
16 commissioner;

17 (19) prescribe application procedures and practices for the
18 sale, lease or other disposition of land under the jurisdiction of the
19 authority;

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

22 (21) under the conditions and limitations imposed by law and
23 the commissioner, issue deeds, leases or other conveyances disposing of
24 land under the jurisdiction of the authority;

25 (22) have jurisdiction over land available for disposal by the
26 state and located within a project designated under sec. 160(d) of this
27 chapter, to this end the authority possesses the powers and, with the
28 approval of the commissioner, shall perform the duties necessary to
29 protect the state's rights and interest in the land, including the

1 taking of all necessary action to protect and enforce the state's con-
2 tractual or other property rights;

3 (23) maintain such records as the commissioner considers
4 necessary, administer oaths, and do all things incidental to the auth-
5 ority imposed; the following records and files shall be kept confiden-
6 tial upon request of the persons supplying the information:

7 (A) the name of the person nominating or applying for
8 the sale, lease, or other disposal of land under this chapter;

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

12 (C) cost data and financial information submitted in
13 support of applications, leases and similar items;

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

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

18 (24) account for the fees or other money received in the ad-
19 ministration of this chapter, including the sale or leasing of land, and
20 identify their source;

21 (25) select and employ or obtain at reasonable compensation
22 cadastral, appraisal, or other professional personnel the authority
23 considers necessary for its proper operation;

24 (26) adopt regulations necessary to administer the provisions
25 of this chapter.

26 ARTICLE 3. FINANCIAL PROVISIONS.

27 Sec. 44.55.080. BONDS AND NOTES. (a) The authority, by resolu-
28 tion, may issue bonds and bond anticipation notes in order to provide
29 funds to carry out and effectuate its purposes.

1 (b) The principal and interest on these bonds or notes is payable
2 from authority funds. Bond anticipation notes may be payable from the
3 proceeds of the sale of bonds or from the proceeds of sale of other bond
4 anticipation notes or, if bond or bond anticipation note proceeds are
5 not available, such notes may be paid from other funds or assets of the
6 authority. Bonds or notes may be additionally secured by a pledge of a
7 grant or contribution from the federal or state government, a corpora-
8 tion, association, institution or person, or a pledge of money, income,
9 or revenues of the authority from any source.

10 (c) Bonds or bond anticipation notes may be issued as provided by
11 resolution of the authority, in one or more series and shall (1) be
12 dated; (2) bear interest at the prescribed rate per year or within the
13 maximum rate; (3) be in a certain denomination or form, either coupon or
14 registered; (4) carry the conversion or registration provisions; (5)
15 have rank or priority; (6) be executed in a certain manner and form;
16 (7) be payable from the sources in the medium of payment and place or
17 places inside or outside the state; (8) be subject to authentication by
18 a trustee or fiscal agent; and (9) be subject to terms of redemption,
19 with or without premium. Bond anticipation notes mature at a time
20 determined by the authority. Bonds mature at a time, not exceeding 50
21 years from the date of their issuance, as determined by the authority.
22 Before the preparation of definitive bonds or bond anticipation notes,
23 the authority may issue interim receipts or temporary bonds or bond
24 anticipation notes, with or without coupons, exchangeable for bonds or
25 bond anticipation notes when the definitive bonds or bond anticipation
26 notes have been executed and are available for delivery.

27 (d) Bond or bond anticipation notes may be sold in the manner, on
28 the terms, and at the price the authority determines.

29 (e) If an officer whose actual or facsimile signature appears on

1 any bonds or notes or coupons attached to them ceases to be an officer
2 before the delivery of the bond, note or coupon, his signature is valid
3 as if he had remained in office until delivery.

4 (f) In a resolution of the authority authorizing or relating to
5 the issuance of bonds or bond anticipation notes, the authority may,
6 with the holders of the bonds or bond anticipation notes,

7 (1) pledge to any payment or purpose all or any part of
8 revenues to which it is or will be entitled to and similarly pledge the
9 money derived from the revenues, and the proceeds of any bonds or notes;

10 (2) covenant against pledging all or any part of its reve-
11 nues, or against permitting or suffering a lien on the revenues or its
12 property;

13 (3) covenant as to the use and disposition of any and all
14 payments of principal or interest received by the authority on mortgage
15 loans, construction loans or other investments held by the authority;

16 (4) covenant as to establishment of reserves or sinking funds
17 and the making of provision for and the regulation and disposition of
18 the reserves or sinking funds;

19 (5) covenant with respect to or against limitations on a
20 right to sell or otherwise dispose of property of any kind;

21 (6) covenant as to bonds and notes to be issued, and their
22 limitations, terms and conditions, and as to the custody, application
23 and disposition of the proceeds of the bonds and notes;

24 (7) covenant as to the issuance of additional bonds or notes,
25 or as to limitations on the issuance of additional bonds or notes and
26 the incurring of the other debts;

27 (8) covenant as to the payment of the principal of or inter-
28 est on the bonds or notes, as to the sources and methods of the payment,
29 as to the rank or priority of the bonds or notes with respect to a lien

1 or security, or as to the acceleration of the maturity of the bonds or
2 notes;

3 (9) provide for the replacement of lost, stolen, destroyed or
4 mutilated bonds or notes;

5 (10) covenant against extending the time for the payment of
6 bonds or notes or interest on the bonds or notes;

7 (11) covenant as to the redemption of bonds or notes and
8 privileges of their exchange for other bonds or notes of the authority;

9 (12) covenant to create or authorize the creation of special
10 funds of money to be held in pledge or otherwise for operation expenses,
11 payment or redemption of bonds or notes, reserves or other purposes, and
12 as to use and disposition of the money held in the funds;

13 (13) establish the procedure, if any, by which the terms of
14 any contract or covenant with or for the benefit of the holders of bonds
15 or notes may be amended or abrogated, the amount of bonds or notes the
16 holders of which must consent to amendment or abrogation, and the manner
17 in which the consent may be given;

18 (14) covenant as to the custody of any of its properties or
19 investments, their safekeeping and insurance, and the use and disposi-
20 tion of insurance money;

21 (15) covenant as to the time or manner of enforcement or
22 restraint from enforcement of any rights of the corporation arising by
23 reason of or with respect to nonpayment of principal or interest of any
24 mortgage loans or construction loans;

25 (16) provide for the rights and liabilities, powers and duties
26 arising upon the breach of a covenant, condition or obligation, and to
27 prescribe the events of default and the terms and conditions upon which
28 any or all of the bonds, notes or other obligations of the authority
29 become or may be declared due and payable before maturity and the terms

1 and conditions upon which such a declaration and its consequences may be
2 waived;

3 (17) vest in a trustee or trustees inside or outside the state
4 property, rights, powers and duties in trust as the authority may deter-
5 mine, which may include any or all of the rights, powers and duties of a
6 trustee appointed by the holders of bonds or notes, and to limit or
7 abrogate the right of the holders of bonds or notes of the authority to
8 appoint a trustee under this chapter or limit the rights, powers and
9 duties of the trustee;

10 (18) pay the costs or expenses incident to the enforcement of
11 the bonds or notes or of the provisions of the resolution or of a
12 covenant or agreement of the authority with the holders of its bonds or
13 notes;

14 (19) agree with a corporate trustee which may be a trust
15 company or bank having the powers of a trust company inside or outside
16 the state as to the pledging or assigning of revenues or funds to which
17 or in which the authority has any rights or interest; and further pro-
18 vide for other rights and remedies exercisable by the trustee as may be
19 proper for the protection of the holders of any bonds or notes of the
20 authority and not otherwise in violation of law and may provide for the
21 restriction of the rights of an individual holder of bonds or notes of
22 the authority;

23 (20) appoint and provide for the duties and obligations of a
24 paying agent or other fiduciary, by resolution, inside or outside the
25 state;

26 (21) limit the rights of the holders of bonds or notes to
27 enforce a pledge or covenant securing bonds or notes;

28 (22) make covenants other than expressly authorized in this
29 section, of like or different character, and to make covenants as may be

1 necessary or desirable, to better secure bonds or notes or which, in the
2 discretion of the authority, will tend to make bonds or notes more
3 marketable, notwithstanding the fact that the covenants are not enumer-
4 ated in this section.

5 Sec. 44.55.090. VALIDITY OF PLEDGE. The pledge of assets or
6 revenues of the authority to the payment of the principal or interest of
7 obligations of the authority is valid and binding from the time the
8 pledge is made and assets or revenues pledged are immediately subject to
9 the lien of the pledge without physical delivery or further action. The
10 lien of a pledge is valid and binding against all parties having claims
11 of any kind in tort, contract or otherwise against the authority,
12 irrespective of whether those parties have notice of the lien of the
13 pledge. Nothing prohibits the authority from selling assets subject to
14 a pledge, except that a sale may be restricted by the trust agreement or
15 resolution providing for the issuance of the obligations.

16 Sec. 44.55.100. REMEDIES. A holder of obligations or coupons
17 attached to them issued under the provisions of this chapter, and a
18 trustee under a trust agreement or resolution authorizing the issuance
19 of the obligations, if not restricted by the trust agreement or resolu-
20 tion, either at law or in equity, may enforce all rights granted under
21 the coupons or under the trust agreement or resolution, or under any
22 other contract executed by the authority under this chapter, and may
23 enforce and compel the performance of all duties required by this chap-
24 ter or by the trust agreement or resolution to be performed by the
25 authority or by an officer of it.

26 Sec. 44.55.110. NEGOTIABLE INSTRUMENTS. All obligations and
27 interest coupons attached to the obligations are negotiable instruments
28 under the laws of this state, subject only to applicable registration
29 provisions.

1 Sec. 44.55.120. OBLIGATIONS ELIGIBLE FOR INVESTMENT. Obligations
2 issued under the provisions of this chapter are securities in which all
3 public officers and public bodies of the state and its political sub-
4 divisions, all insurance companies, trust companies, banking associa-
5 tions, investment companies, executors, administrators, trustees and
6 other fiduciaries may properly and legally invest funds, including
7 capital in their control or belonging to them. These obligations may be
8 deposited with the state or municipal officer of an agency or political
9 subdivision of the state for any purpose for which the deposit of bonds,
10 notes or obligations of the state is authorized by law.

11 Sec. 44.55.130. REFUNDING OBLIGATIONS. (a) The authority may
12 provide for the issuance of refunding obligations for the purpose of re-
13 funding obligations then outstanding which have been issued under the
14 provisions of this chapter, including the payment of redemption premium
15 on them and interest accrued or to accrue to the date of redemption of
16 the obligations. The issuance of the obligations, the maturities and
17 other details of them, the rights of the holders of them, and the rights,
18 duties and obligations of the authority in respect of them are governed
19 by the provisions of this chapter which relate to the issuance of
20 appropriate obligations.

21 (b) Refunding obligations may be sold or exchanged for outstanding
22 obligations issued under this chapter. If sold, the proceeds may be
23 applied, in addition to other authorized purposes, to the purchase,
24 redemption or payment of the outstanding obligations. Pending the
25 application of the proceeds of any such refunding obligations, with any
26 other available funds, to the payment of the principal (accrued interest
27 and any redemption premium on the obligations being refunded, and, if so
28 provided or permitted in the resolution authorizing the issuance of the
29 refunding obligations or in the trust agreement securing them, to the

1 payment of any interest on the refunding obligations and any expenses in
2 connection with the refunding), the proceeds may be invested in direct
3 obligations of, or obligations the principal of and the interest on
4 which are unconditionally guaranteed by, the United States of America
5 which mature or which will be subject to redemption, at the option of
6 the holders of them, not later than the respective dates when the pro-
7 ceeds, together with the interest accruing on them, will be required for
8 the purposes intended.

9 Sec. 44.55.140. CREDIT OF STATE NOT PLEDGED. Obligations issued
10 under the provisions of secs. 80 - 130 of this chapter do not constitute
11 a debt, liability or obligation of the state or of any other political
12 subdivision of the state or a pledge of the faith and credit of the
13 state or a political subdivision of the state but are payable solely
14 from the revenues or assets of the authority. Each obligation issued
15 under this chapter shall contain on its face a statement that the autho-
16 rity is not obligated to pay it nor the interest on it except from the
17 revenues or assets pledged for it and that neither the faith and credit
18 nor the taxing power of the state or of a political subdivision of the
19 state is pledged to the payment of the principal of or interest on the
20 obligation.

21 ARTICLE 4. GENERAL PROVISIONS.

22 Sec. 44.55.160. REVIEW, DESIGNATION AND APPROVAL OF PROPOSALS. (a)
23 The authority may with respect to land available for disposal by the
24 state and classified for agricultural use

25 (1) identify land suitable for agricultural development under
26 this chapter;

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

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

5 (4) recommend annually, but not later than October 1 of each
6 year, that the commissioner designate land available for disposal by the
7 state and identified for use under (1) of this subsection as an agricul-
8 tural development project.

9 (b) The commissioner shall with respect to a recommendation made
10 under (a)(5) of this section

11 (1) within 60 days after receipt, direct the division of
12 lands to complete a land use plan for land identified under (a)(1) of
13 this section; and

14 (2) within five days after completion of the land use plan
15 under (1) of this subsection, transmit a report containing that plan and
16 the recommendations required under (a)(4) of this section to those local
17 governing bodies and regional corporations entitled to notice and review
18 under AS 38.05.305.

19 (c) Within 10 days of the convening of the regular legislative
20 session, the commissioner shall transmit to the president of the senate
21 and the speaker of the house of representatives a report containing

22 (1) the identifications, determinations and recommendations
23 required under (a) of this section;

24 (2) the department's findings concerning the recommendation
25 made under (a)(4) of this section; and

26 (3) a copy of comments received, if any, from a local gover-
27 ning body or regional corporation after review under (b)(2) of this
28 section.

29 (d) The commissioner, shall, unless he finds that the determina-

1 tion of the authority made under (a)(2) of this section is not in the
2 best interests of the state, designate a project as an agricultural
3 development project under this chapter and issue an order describing the
4 land within the boundaries of the project and placing that land under
5 the jurisdiction of the authority unless the legislature by concurrent
6 resolution disapproves the report of the commissioner under (c) of this
7 section within 45 legislative days of the transmittal of the report, or
8 the end of the session, whichever occurs first. A decision by the
9 legislature to disapprove a proposal under this chapter shall be accom-
10 panied by a recommendation to the commissioner with respect to future
11 actions which he and the authority should take concerning the proposal.

12 Sec. 44.55.170. SALE OR LEASE OF AGRICULTURAL DEVELOPMENT LAND.

13 (a) The authority shall lease to individuals selected under sec. 180 of
14 this chapter an interest in the agricultural development land only for
15 agricultural purposes, and all other interests in the land remain in the
16 state. The land to be leased or sold under this chapter shall be sur-
17 veyed and divided by the authority into parcels of sizes and configura-
18 tions determined to assure the profitability of agricultural operations
19 on the land.

20 (b) A lease granted under (a) of this section shall be for five
21 years with an option to renew the lease for an additional term of five
22 years. The leasehold may not be assigned nor may duties arising out of
23 the relationships created by it be delegated without the written consent
24 of the authority.

25 (c) The value of the interest in undeveloped land leased under
26 (a) of this section shall be zero. The amount payable to the authority
27 as rent shall be not greater than the pro rata cost of surveying, clear-
28 ing, breaking, and administering the lease of agricultural rights to
29 land in the project.

1 (d) Upon the expiration or termination of an original leasehold or
2 an extension of it, the authority may sell or lease an interest in
3 agricultural development land only for agricultural purposes, and all
4 other interests in the land remain in the state; the sale or lease shall
5 be at public auction. The terms of the sale or lease shall be set by
6 regulation adopted by the authority under the Administrative Procedure
7 Act (AS 44.62). An individual selected under sec. 180 of this chapter
8 or his assigns have a preference right to meet the high bid within 30
9 days after the day of the auction; if the right is exercised, the value
10 of the improvements owned by the holder of the preference right shall be
11 deducted from the purchase price. If the preference right is not ex-
12 exercised, the holder of the preference right, by failing to exercise his
13 preference right, consents to sell all improvements placed upon the land
14 by him at fair market value to the successful bidder at auction or to
15 the state if there is no successful bidder.

16 (e) The remaining interests may subsequently be sold or leased by
17 the authority only upon the request of the grantee or lessee or his
18 assigns and the determination of the authority with the written concur-
19 rence of the commissioner that the sale or lease is in the public in-
20 terest and shall be under the following terms and conditions:

21 (1) the sale or lease of the remaining interests shall be at
22 public auction; the original grantee or lessee or his assigns have a
23 preference right to meet the high bid within 30 days after the day of
24 the auction; if the right is exercised, the value of improvements owned
25 by the holder of the preference right shall be deducted from the pur-
26 chase price;

27 (2) by requesting the conveyance or lease of the remaining
28 interest under this subsection the original grantee or lessee or his
29 assigns

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

(A) consents to the sale or lease, and

(B) if the preference right provided by (1) of this subsection is not exercised, consents to sell at fair market value the improvements related to the remaining interest, as appraised by the authority;

(3) the remaining interests in agricultural development land may not be conveyed or leased for less than their appraised value together with improvements except for the deduction allowed by (1) of this subsection.

Sec. 44.55.180. SELECTION OF QUALIFIED INDIVIDUALS. (a) The authority shall, after designation of a project under sec. 160(d) of this chapter, publicly solicit applications from individuals desiring to participate in the development of a project under this chapter.

(b) The authority shall select individuals who have applied for participation in a proposed project and who are best qualified, in the judgment of the authority, to successfully farm the land located within a project. Alaskan residents shall be given a preference under this subsection.

(c) The authority is authorized to adopt regulations under the Administrative Procedure Act (AS 44.62) necessary to carry out the purpose of this section.

Sec. 44.55.190. DEFINITIONS. In this chapter

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

(2) "interest in land only for agricultural purposes" means a right belonging to the fee ownership of land that entitles the owner or lessee of the right to use the land only for production of plants and animals useful to man, including forage and sod crops; grains and feed crops; dairy and dairy products; livestock, including breeding and

1 grazing; fruits; vegetables; and other similar uses and activities; in
2 connection with the exercise of this right a structure or improvement
3 may not be placed on the land except for use as a single-family dwelling
4 of the lessee, owner or members of his household, or for use consistent
5 with agricultural operations;

6 ARTICLE 5. DELTA-CLEARWATER-TANANA LOOP
7 AGRICULTURAL DEVELOPMENT PROJECT.

8 Sec. 44.55.200. LEGISLATIVE FINDINGS AND DESIGNATION. (a) Under
9 the authority granted by art. VIII, secs. 6, 8, and 9 of the Alaska
10 State Constitution, the legislature finds

11 (1) that all preliminary identifications and determinations
12 required under sec. 160(a)(1) - (5) of this chapter concerning the
13 Delta-Clearwater-Tanana Loop agricultural development project as de-
14 scribed in sec. 210 of this chapter have been satisfied as evidenced by
15 a report entitled "Potential Barley Production in the Delta-Clearwater
16 area of Alaska" and Volumes I and II of the "Delta Land Management
17 Study" prepared by the division of lands and dated August 1976 and
18 November 1976 respectively;

19 (2) that requirements under sec. 160(b)(2) of this chapter
20 have been satisfied and that notice and review of the proposed action to
21 create the Delta-Clearwater-Tanana Loop agricultural development project
22 as described in sec. 210 of this chapter is unnecessary unless a local
23 governing body or regional corporation entitled to notice and review
24 under AS 38.05.305 enacts a resolution objecting to the designation of
25 the project within 30 days after the effective date of this section; and

26 (3) that the land use plan required under sec. 160(b)(1) of
27 this chapter and any classification or reclassification may, with res-
28 spect to land under sec. 160(a)(1) of this chapter located within the
29 project described in sec. 210 of this chapter, be completed after the

1 effective date of this section.

2 (b) The Delta-Clearwater-Tanana Loop agricultural development
3 project as described in sec. 210 of this chapter is designated an agri-
4 cultural development project under this chapter. The review and desig-
5 nation required under sec. 160(c) and (d) of this chapter are waived
6 through exercise of the authority granted to the legislature under art.
7 VIII, secs. 6, 8, and 9 of the Alaska State Constitution.

8 Sec. 44.55.210. PROJECT DESCRIPTION. The lands designated as the
9 Delta-Clearwater-Tanana Loop agricultural development project and
10 limited to agricultural use are those within the following described
11 parcels:

12 (1) Township 10 South, Range 12 East, Fairbanks Meridian

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

14 Section 31: E1/2 of SW1/4, SE1/4

15 Section 32: S1/2

16 Section 33: S1/2

17 Section 34: S1/2

18 Section 35: NW1/4, NW1/4 of NE1/4, S1/2 of NE1/4, S1/2

19 Section 36: W1/2 of SW1/4, W1/2 of SE1/4 of SW1/4

20 (2) Township 11 South, Range 12 East, Fairbanks Meridian

21 Section 1: NW1/4, SW1/4 of NE1/4, W1/2 of SE1/4 of

22 NE1/4, SW1/4, W1/2 of SE1/4, W1/2 of NE1/4 of

23 SE1/4, W1/2 of SE1/4 of SE1/4

24 Sections 2 - 5

25 Section 6: NE1/4, NE1/4 of NW1/4, SE1/4 of NW1/4,

26 NE1/4 of SW1/4, SE1/4 of SW1/4, SE1/4

27 Section 7: NE1/4 of SW1/4, SE1/4 of SW1/4, SE1/4

28 Sections 8 - 16

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

1 Section 18: North of Alaska Highway Right-of-Way
2 Section 20: North of Alaska Highway Right-of-Way
3 Section 21: North of Alaska Highway Right-of-Way
4 Section 22: North of Alaska Highway Right-of-Way
5 Sections 23 - 25: North of Alaska Highway Right-of-Way
6 Section 26: North of Alaska Highway Right-of-Way
7 Section 26: South of Alaska Highway Right-of-Way
8 Section 27: North of Alaska Highway Right-of-Way
9 Section 27: South of Alaska Highway Right-of-Way and
10 East of a line from SW corner of 27 to NE corner
11 of 27
12 Section 33: East of a line from SW corner of 33 to NE
13 corner of 33
14 Section 34
15 Section 35: South of Alaska Highway Right-of-Way, North
16 of Alaska Highway Right-of-Way
17 Section 36: South of Alaska Highway Right-of-Way, North
18 of Alaska Highway Right-of-Way
19 (3) Township 11 South, Range 13 East, Fairbanks Meridian
20 Section 1: South of a line from SW corner of 1 to NE
21 corner of 1
22 Section 2: South of a line from SE corner of 2 to NW
23 corner of 2
24 Section 3: South of a line from SW corner of 3 to NE
25 corner of 3
26 Section 7: NW1/4 of NW1/4, SW1/4 of NW1/4, SE1/4 of
27 NW1/4, SW1/4, NW1/4 of SE1/4, SW1/4 of SE1/4,
28 SE1/4 of SE1/4
29 Section 9: South of a line from SW corner of 9 to

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

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

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

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
Section 1: NE1/4

Section 2: W1/2

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

11 (10) Township 10 South, Range 10 East, Fairbanks Meridian
12 Section 2: NE1/4 of NW1/4, NW1/4 of NE1/4, NE1/4 of
13 NE1/4, SE1/4 of NE1/4, E1/2 of SW1/4 of NE1/4,
14 E1/2, NW1/4 of SE1/4, NE1/4 of SE1/4, SE1/4 of
15 SE1/4

16 (11) Township 9 South, Range 11 East, Fairbanks Meridian
17 Section 6: NW1/4 of NW1/4, S1/2 of NW1/4, N1/2 of
18 NE1/4 of SW1/4, N1/2 of NW1/4 of SW1/4
19 Section 7: SW1/4 of NW1/4, SW1/4, SW1/4 of SE1/4,
20 SE1/4 of SE1/4
21 Section 17: NW1/4 of NW1/4, S1/2 of NW1/4, SW1/4,
22 SW1/4 of SE1/4

23 Sections 18 - 20

24 Sections 29 - 31

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

26 (12) Township 10 South, Range 11 East, Fairbanks Meridian
27 Section 6: NW1/4, NE1/4, N1/2 of NW1/4 of SW1/4, N1/2
28 of NE1/4 of SW1/4, N1/2 of NW1/4 of SE1/4, N1/2
29 of NE1/4 of SE1/4

1 Sec. 44.55.220. PUBLIC HIGHWAY RIGHT-OF-WAY. All rights-of-way
2 for public highways under AS 19.10.010 not in use on the effective date
3 of this section and located within the boundaries of the Delta-Clear-
4 water-Tanana Loop agricultural development project as described in sec.
5 210 of this chapter are relinquished.

6 * Sec. 2. AS 38.05.020(b)(2), (4) and (5) are amended to read:

7 (2) enter into agreements which he considers necessary to
8 carry out the purposes of this chapter and AS 44.55, including agree-
9 ments with federal and state agencies;

10 (4) exercise the powers and do the acts necessary to carry
11 out the provisions and objectives of this chapter and AS 44.55;

12 (5) notwithstanding the provisions of any other section of
13 this chapter or AS 44.55, grant an extension of the time within which
14 payments due on any lease or sale of state land, minerals, or materials
15 may be made, including payment of rental and royalties, if he finds that
16 compliance with the requirements is or was prevented by reason of war,
17 riots, or acts of God.

18 * Sec. 3. AS 38.05.030 is amended by adding a new subsection to read:

19 (f) The sale, lease, or other disposal of state patented lands
20 classified for agricultural use and located within a project under AS
21 44.55 shall be under the jurisdiction of the Alaska Agricultural Author-
22 ity.

23 * Sec. 4. AS 38.05.035(7) is amended to read:

24 (7) have jurisdiction over state lands, except for those
25 lands located within an agricultural development project under AS 44.55
26 and those lands acquired by the Alaska World War II Veterans Board and
27 the Agricultural Loan Board or the departments or agencies succeeding to
28 their respective functions through foreclosure or default; to this end
29 the director possesses the powers and, with the approval of the commis-

1 sioner, shall perform the duties necessary to protect the state's rights
2 and interest in state lands, including the taking of all necessary
3 action to protect and enforce the state's contractual or other property
4 rights;

5 * Sec. 5. AS 38.05.045 is amended to read:

6 Sec. 38.05.045. GENERALLY. All lands owned in fee by the state or
7 to which the state may become entitled, excepting tide, submerged or
8 shorelands, [AND] timber or grazing lands, and lands located within an
9 agricultural development project under AS 44.55 may be sold as provided
10 in secs. 45 - 69 of this chapter. However, this section does not pre-
11 vent the disposition of lands as provided in secs. 300 - 348 of this
12 chapter.

13 * Sec. 6. AS 38.07.010 is amended to read:

14 Sec. 38.07.010. SELECTION AND LEASE. (a) The director under the
15 supervision of the commissioner may select areas of state land classi-
16 fied as agricultural and contract for the land to be cleared or drained
17 or both at state expense. In this selection and contracting, the
18 commissioner shall be guided by the recommendations of the U. S. Soil
19 Conservation Service. He shall also contract for the clearing, draining
20 and breaking of land located within an agricultural development project
21 designated under AS 44.55.

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

25 * Sec. 7. AS 38.07.020(a) is amended to read:

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

29 * Sec. 8. AS 38.07.020 is amended by adding a new subsection to read:

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

(e) This section does not apply to the clearing or draining of lands within an agricultural development project under AS 44.55.

* Sec. 9. AS 38.07.060 is amended by adding a new paragraph to read:

(4) "director" means the director of the division of agriculture.

* Sec. 10. This Act takes effect immediately in accordance with AS 01.-10.070(c).