

Original sponsor: Resources Committee

Offered: 5/16/80  
Referred: Finance

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 437 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the sale of state land leased under  
7 AS 38; and providing for an effective date."

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

9 \* Section 1. SALE OF LEASED LAND. (a) The commissioner of natural  
10 resources shall offer to sell to a lessee land leased to the lessee before  
11 July 1, 1980, under AS 38 if the leased land has been used for a continuous  
12 period, or prepared for continuous use after the lease was originally issued,  
13 or for the five-year period immediately before July 1, 1980, whichever is  
14 less. The purchase price of land offered for sale under this section is an  
15 amount equal to the fair market value of the land on the date of the offer to  
16 sell less the value of permanent improvements constructed on the land after  
17 the land was first leased to a lessee by the state.

18 (b) If a lessee accepts the commissioner of natural resources' offer to  
19 sell, the lessee shall send to the commissioner of natural resources an  
20 appraisal of the leased land made by a qualified M.A.I. appraiser. If the  
21 commissioner of natural resources agrees with the appraisal, he shall send to  
22 the lessee an installment contract including the terms specified in (c) of  
23 this section. If the commissioner of natural resources disagrees with the  
24 appraisal furnished by the lessee, the fair market value of the leased land  
25 shall be determined in the following manner:

26 (1) the lessee shall appoint a qualified M.A.I. appraiser to  
27 appraise the leased land and shall forward the appraisal to the commissioner  
28 of natural resources;

29 (2) if the commissioner of natural resources disagrees with the

1 appraisal obtained by the lessee under (1) of this subsection, the commis-  
2 sioner shall appoint a second appraiser to make an appraisal which shall be  
3 completed not later than 90 days after receipt of the appraisal required by  
4 (1) of this subsection;

5 (3) if the commissioner of natural resources and the lessee dis-  
6 agree on the fair market value of the leased land as determined by the ap-  
7 praisals required under (1) and (2) of this subsection, the two appraisers  
8 shall appoint a third qualified M.A.I. appraiser who shall make a third  
9 appraisal of the land which shall be completed not later than 180 days after  
10 receipt of the appraisal required by (1) of this subsection; the cost of the  
11 third appraisal shall be paid by the state and the lessee equally;

12 (4) after the third appraisal is completed, the two of the three  
13 appraisals which are nearest each other in their determination of the fair  
14 market value shall be averaged and the result shall be the fair market value  
15 of the leased land and shall be binding on the commissioner of natural re-  
16 sources and the lessee.

17 (c) After the fair market value is established in accordance with (b)  
18 of this section, a lessee may purchase land leased by him under an install-  
19 ment contract. The terms of an installment contract offered to a lessee  
20 shall be as follows:

21 (1) the lessee shall pay to the commissioner of natural resources  
22 an amount equal to five percent of the purchase price at the time he signs  
23 the installment contract;

24 (2) the lessee shall pay equal installment payments monthly,  
25 quarterly or annually for a term not to exceed 20 years;

26 (3) the lessee shall pay interest at the prevailing rate for real  
27 estate mortgage loans made by the federal land bank for the farm credit  
28 district for Alaska at the time the contract is signed; and

29 (4) the lessee may accelerate payment of the indebtedness without

1 penalty.

2 (d) If leased land subject to this section is nominated and selected by  
3 a municipality to satisfy a general grant land entitlement granted under  
4 AS 29.18.201 - 29.18.203, the municipality shall honor the lease or, at the  
5 lessee's request, sell the land to the lessee under the same terms and condi-  
6 tions as prescribed in this section.

7 (e) Nothing in this section may be construed to preclude judicial  
8 review of a final action taken by the Department of Natural Resources to  
9 implement this section.

10 (f) This section does not apply to leased state land which is tideland,  
11 submerged land, grazing land, or state land leased under AS 38.05.077,  
12 38.05.135 - 38.05.280, 38.05.315 or AS 38.35.

13 \* Sec. 2. This Act takes effect July 1, 1980.

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