

Original sponsors: Freeman, Gardiner,
and Halford

Offered: 5/22/81
Referred: Finance

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 31 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the management, disposal, and use
7 of state and municipal land; and providing for an
8 effective date."

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

10 * Section 1. AS 29.18.204(c) is amended to read:

11 (c) Land may be selected or nominated for selection by a munici-
12 pality to satisfy a general grant land entitlement under AS 29.18.201
13 and 29.18.202 at any time before October 1, 1980. However, if a muni-
14 cipal selection or nomination or a part of a municipal selection or
15 nomination is rejected by the director, the municipality may, not later
16 than 90 days after receipt of the director's rejection, select addi-
17 tional state land as necessary to satisfy its entitlement.

18 * Sec. 2. AS 29.48.260 is amended by adding a new subsection to read:

19 (g) A municipality may lease municipal land for a term of not
20 more than 55 years to a nonprofit corporation, association, club or
21 society organized and operated exclusively for charitable, religious,
22 scientific, or educational purposes, or for the promotion of social
23 welfare. Municipal land leased under this subsection may not be used
24 for commercial development. Before municipal land may be leased under
25 this subsection, the proposed lessee shall demonstrate to the satisfac-
26 tion of the borough assembly, or city council that it is exempt from
27 federal income taxation, that all of the land requested is to be used
28 for an established or proposed project, and that the applicant is
29 financially able to carry out the project. A lease may not be granted

1 under this subsection unless the project for which the municipal land
2 is leased is open for use by the public. The provisions of (c) of this
3 section do not apply to a lease under this subsection.

4 * Sec. 3. AS 38.04.020 is repealed and reenacted to read:

5 Sec. 38.04.020. LAND DISPOSAL BANK. (a) The commissioner shall
6 establish a land disposal bank containing state land classified for
7 disposal into private ownership.

8 (b) The land disposal bank does not include

9 (1) land nominated for selection or selected by a munici-
10 pality to satisfy a general grant land entitlement under AS 29.18.201 -
11 29.18.213;

12 (2) land retained in state ownership for multiple-use manage-
13 ment;

14 (3) land where less than a fee simple title has been con-
15 veyed;

16 (4) land retained in state ownership under an enactment of
17 the legislature or by the governor or a state agency under authority of
18 law.

19 (c) Land to be retained in state ownership may be classified by
20 the commissioner into multiple-use management categories under AS 38.-
21 05.300. Land within a municipality retained in state ownership consists
22 of land classified for retention in state ownership as of December 31,
23 1980. Land outside a municipality to be retained in state ownership
24 consists of land classified for retention in state ownership by the
25 commissioner by July 1, 1983. Land conveyed to the state by the federal
26 government which is to be retained in state ownership consists of land
27 classified by the commissioner within two years of receipt of tentative
28 approval or patent, whichever occurs first. State land not classified
29 for retention in state ownership or selected by the municipality under

1 this section shall be classified and included in the land disposal
2 bank. The commissioner shall ensure that the bank includes at least
3 500,000 acres.

4 (d) On January 15 of each year, the commissioner shall report to
5 the legislature on the status of land in the land disposal bank under
6 the following categories:

- 7 (1) land suitable for remote parcel disposal;
- 8 (2) land suitable for subdivision disposal;
- 9 (3) land suitable for agricultural, commercial, or industrial
10 disposal; and
- 11 (4) land suitable for other purposes.

12 (e) The commissioner shall annually submit to the governor an
13 appropriation request necessary for the disposal of state land in the
14 land disposal bank which shall be included in the budget submitted to
15 the legislature by the governor. The request shall include an estimate
16 of the amount necessary

17 (1) for survey and disposal of land proposed to be made
18 available for remote parcel staking for the succeeding fiscal year,
19 with the general location of the land;

20 (2) for survey and disposal of land to be offered as agri-
21 cultural, commercial, industrial, or other uses under AS 38.05.055 or
22 38.05.057 during the succeeding fiscal year, with the general location
23 of the land;

24 (3) for the survey and disposal of land proposed to be
25 offered as subdivisions, with the general location of the land;

26 (4) for preliminary feasibility studies, engineering design
27 work, and construction of access roads and capital improvements required
28 by municipal subdivision ordinance or regulation of the platting board
29 under AS 29.33.150; if an accurate determination of the amounts neces-

1 sary for access roads or capital improvements cannot be made at the
2 time the estimate is submitted, a schedule for obtaining the estimates,
3 constructing the access roads or capital improvements, and disposing of
4 the land shall be submitted;

5 (5) for identification of land which will be proposed for
6 disposal under this subsection in future fiscal years.

7 (f) The request of the commissioner under (e) of this section
8 shall be based on a written assessment by the commissioner of the
9 current market for state land in the different regions of the state.
10 If the state land is in or adjacent to municipalities or unincorporated
11 communities, the assessment shall be developed in consultation with the
12 municipalities or unincorporated communities. The assessment must
13 include a survey of the supply of privately owned land offered for
14 sale, municipal land for which a disposal plan has been completed, and
15 federal land available for sale, lease, or permit for specific activi-
16 ties. The assessment of the market for state land shall be based on an
17 analysis of the amount of private, municipal, and federal land available
18 for disposal on terms equivalent to those used in comparable state land
19 disposal programs and shall include the length of time land remains on
20 the market before it is sold. The assessment must include findings
21 regarding the amount and general location of state land, in addition to
22 land offered by private landowners or available from a municipal govern-
23 ment or the federal government, which is necessary to meet the state-
24 wide demand for at least five fiscal years immediately after the year
25 in which the assessment is made. The assessment must also state the
26 general location of land proposed for disposal in the next fiscal year
27 and recommendations for the method of disposal under which the land
28 will be offered to the public.

29 (g) After July 1 of each year, the commissioner shall direct the

1 expenditure of money appropriated for the disposal of land in response
2 to requests made under (f) of this section for the following:

3 (1) land designated as suitable for remote parcel disposal
4 shall be classified and surveyed under this chapter and AS 38.05 and
5 made available for staking and lease under AS 38.05.077;

6 (2) land designated as suitable for subdivision disposal
7 shall be surveyed, subdivided, classified, and disposed of as follows:

8 (A) up to 80 percent of the parcels shall be sold under
9 the lottery sale procedures established in AS 38.05.057 and
10 38.05.065;

11 (B) at least 10 percent of the parcels shall be disposed
12 of as homesites under AS 38.08; and

13 (C) at least an additional 10 percent of the parcels
14 shall be disposed of as homesites under AS 38.08 except that,
15 notwithstanding AS 38.08.040(b), parcels offered under this sub-
16 paragraph shall be offered by lottery under AS 38.05.057;

17 (3) land designated agricultural, commercial, industrial, or
18 suitable for other disposal shall be sold under AS 38.05.055 or 38.05.-
19 057.

20 (h) Individual parcels disposed of in subdivisions may not exceed
21 five acres unless the commissioner determines that a larger size is
22 necessary to comply with zoning ordinances or to permit the design of a
23 viable subdivision because of topographical features, soil conditions,
24 on-site sewage disposal requirements, or water drainage or supply
25 considerations that are unique to the subdivision.

26 (i) Nothing in this section prevents the sale of other land by
27 the commissioner in accordance with AS 38.05.055, 38.05.057, or other
28 law, or the issuance of remote cabin permits under AS 38.05.079.

29 (j) A person or an agency of the state may nominate land retained

1 in state ownership for inclusion in the land disposal bank or may
2 nominate land in the land disposal bank for retention in state owner-
3 ship. The commissioner shall hold public hearings semiannually to take
4 nominations under this subsection. A transfer of land from retention
5 in state ownership to the land disposal bank or from the land disposal
6 bank to retention in state ownership shall be accomplished through a
7 classification order under AS 38.05.300 and notice under AS 38.05.345.
8 The commissioner shall make a written determination within six months
9 after receipt of a nomination if he determines that land nominated will
10 not be classified or reclassified as requested.

11 * Sec. 4. AS 38.04 is amended by adding a new section to read:

12 Sec. 38.04.021. DISPOSAL OF MUNICIPAL GRANT LAND ENTITLEMENTS.

13 (a) A municipality may apply for financial assistance for the execution
14 of a land disposal program of general grant land entitlements received
15 from the state under AS 29.18.201 - 29.18.213 by submitting a request
16 to the commissioner for inclusion in the estimate submitted to the
17 legislature under AS 38.04.020(e). A municipality may request financial
18 assistance for expenses of surveying land, designing subdivision plats,
19 installing improvements required by municipal ordinance or regulation
20 of the local platting board, and other reasonable direct costs of land
21 disposal.

22 (b) A request by a municipality under this section must be accom-
23 panied by

24 (1) a schedule for the disposal of municipal land for the
25 next five years; the schedule shall be based on an assessment of the
26 demand for private land within the municipality and included in the
27 assessment submitted under AS 38.04.020(f);

28 (2) an estimate of the number of acres of municipal land
29 which the municipality plans to dispose of during each fiscal year of

1 the five-year period;

2 (3) a description of the methods to be used for the disposal
3 of municipal land and the terms under which it will be offered to the
4 public; and

5 (4) a description of the municipal land which the municipal-
6 ity plans to dispose of each fiscal year during the five-year period.

7 (c) The commissioner shall determine that a request by a munici-
8 pality meets the requirements of this section before it is submitted to
9 the legislature. The commissioner shall administer money appropriated
10 by the legislature for financial assistance to a municipality under
11 this section. Money spent under this section constitutes a grant
12 unless otherwise provided by the legislature.

13 (d) A grant made under this section may not exceed five times the
14 amount of money appropriated by a first class city, a borough, or a
15 municipality unified under AS 29.68.220 - 29.68.440 for the disposal of
16 municipal land in the current fiscal year unless the commissioner
17 exempts the municipality from this subsection.

18 (e) A grant made under this section may not exceed seven times
19 the amount of money appropriated in the current fiscal year for disposal
20 of municipal land by

21 (1) a second class city; or

22 (2) a first class city, a borough, or a municipality unified
23 under AS 29.68.220 - 29.68.440 which is exempted by the commissioner
24 under (d) of this section.

25 * Sec. 5. AS 38.04.040 is amended to read:

26 Sec. 38.04.040. AVAILABILITY OF [SCHOOL LAND AND] UNIVERSITY
27 LAND. University [SCHOOL LAND AND UNIVERSITY] land may be made avail-
28 able at fair market value for private use under the purposes of this
29 chapter; however, any action to do so shall be in accordance with

1 statutes pertaining to these lands and the authority of [THE BOARD OF
2 EDUCATION AND] the Board of Regents of the University of Alaska.

3 * Sec. 6. AS 38.04.055 is amended to read:

4 Sec. 38.04.055. ACCESS THROUGH PRIVATE USE AREAS. The director
5 shall reserve easements and rights-of-way on and across land which is
6 made available for private use as necessary to reach or use public
7 water and public and private land. An easement or right-of-way re-
8 reserved under this section may include established trails traditionally
9 used for commerce, recreation, or transportation.

10 * Sec. 7. AS 38.05.035(a)(14) is amended to read:

11 (14) when he makes a written finding that the interests of
12 the state will be best served, he may, with the consent of the commis-
13 sioner, approve contracts for the sale, lease, or other disposal of
14 available lands, resources, property or interests in them, and, in ad-
15 dition to the conditions and limitations imposed by law, he may impose
16 additional conditions or limitations in the contracts as he, with the
17 consent of the commissioner, determines will best serve the interests
18 of the state; and no contract for the sale, lease, or other disposal of
19 available lands or interests in them, is legally binding on the state
20 until the commissioner formally records his consent to the contract;
21 but if the appraised value is not greater than \$50,000 [\$10,000] in the
22 case of the sale of land or an interest in land, or \$5,000 [\$1,000] in
23 the case of the annual rental of land or interest in land, the director
24 may approve and issue the contract without the consent or approval of
25 the commissioner; the [. THE] written finding shall be available to
26 the public upon request; before [. BEFORE] a public hearing, if held,
27 or in any case no less than 21 days before the sale, lease, or other
28 disposal of available land, property, resources, or interests in them,
29 the director shall make available to the public a written decision in

1 which he sets out the facts and applicable law upon which he based his
2 determination that the sale, lease, or other disposal will best serve
3 the interests of the state; a written finding is not required before
4 the approval of

5 (A) a contract for a negotiated sale authorized by
6 AS 38.05.115;

7 (B) the lease of land for a shore fishery site under
8 AS 38.05.082;

9 (C) a permit or other authorization revocable by the
10 department.

11 * Sec. 8. AS 38.05.035(b)(3) is amended to read:

12 (3) grant a preference right to a claimant who shows bona
13 fide improvement of state land, or federal land subsequently acquired
14 by the state, and who has in good faith sought to obtain title to the
15 land but who, through error or omission of others, has been denied
16 title to it; upon a showing satisfactory to the commissioner, the
17 claimant may lease or purchase the land at the price set on the date of
18 original entry on the land or, if a price was not set at that time at a
19 price determined by the division to fairly represent the value of
20 unimproved land at the time the claim was established, but in no event
21 less than the cost of administration including survey; the error or
22 omission of a predecessor in interest or an agent, administrator, or
23 executor which has clearly prejudiced the claimant may be the basis for
24 granting a preference right;

25 * Sec. 9. AS 38.05.035(b)(5) is amended to read:

26 (5) when he determines it is in the best interest of the
27 state and will avoid injustice to a person or his heirs or devisees,
28 dispose of land, by direct negotiation to that person who presently
29 uses and who used and made improvements to that land before January 3,

1 1959 or his heirs or devisees; the amount paid for the land shall be
2 its fair market value on the date that the person first entered the
3 land [AS OF THAT DATE], as determined by the director; a parcel of land
4 disposed of under this paragraph shall be of a size consistent with the
5 person's prior use, but may not exceed five acres;

6 * Sec. 10. AS 38.05.035(b) is amended by adding new paragraphs to read:

7 (7) dispose to an adjoining landowner a parcel of land
8 created by a highway right-of-way alignment or realignment, or a parcel
9 created by the vacation of a state-owned right-of-way if

10 (A) he determines that it is in the interests of the
11 state;

12 (B) the parcel does not exceed the minimum lot size
13 under an applicable zoning code; and

14 (C) the director and the platting authority having land
15 use planning jurisdiction agree that conveyance of the parcel to
16 the adjoining land owner will result in boundaries which are con-
17 venient for the use of the land by the landowner and compatible
18 with municipal land use plans;

19 (8) for good cause extend for up to 90 days the time for
20 rental or installment payments by a lessee or purchaser of state land
21 under this chapter if reasonable penalties and interest set by the
22 director are paid.

23 * Sec. 11. AS 38.05.035 is amended by adding new subsections to read:

24 (c) A parcel of land may be conveyed under (b) of this section
25 without classification or reclassification under AS 38.05.300.

26 (d) A parcel described in (b)(7) of this section must be sold at
27 its fair market value as determined by the director on the basis of an
28 appraisal completed as provided in AS 38.05.310. Nothing in this
29 subsection prevents the sale of land under AS 38.05.055 or 38.05.057 to

1 a person not qualifying as an adjoining landowner if the adjoining
2 landowner declines to purchase the land.

3 * Sec. 12. AS 38.05.050 is repealed and reenacted to read:

4 Sec. 38.05.050. DETERMINATIONS BEFORE DISPOSAL OF LAND FOR
5 PRIVATE OWNERSHIP. The commissioner, upon recommendation of the
6 director, shall determine the land to be disposed of for private use.
7 The director shall determine the time and place of disposal. An
8 auction sale, a lottery sale, or a disposal of land for homesites under
9 AS 38.04.020(g)(2)(C) must be held in the municipality that is closest
10 to the land to be sold or disposed of and in which regular sessions of
11 a court of the state are held.

12 * Sec. 13. AS 38.05.055 is amended to read:

13 Sec. 38.05.055. AUCTION SALE PROCEDURES. Unless another method
14 of sale is required under this chapter, under AS 38.07, or under
15 [EXCEPT AS PROVIDED IN AS 38.05.057, 38.05.315(d), AND] AS 38.08, the
16 sale of state land shall be made at public auction to the highest
17 qualified bidder as determined by the director. A bidder must appear
18 in person at the auction unless medical reasons, attendance at school,
19 or military service outside the state prevent attendance. A bidder
20 may be represented by an attorney or agent at the auction if the land
21 offered for disposal is commercial, industrial, or agricultural land.
22 An aggrieved bidder may appeal to the commissioner within five days
23 after the sale for a review of the director's determination. The sale
24 shall be conducted by the director or his representative, and at the
25 time of sale the successful bidder shall deposit an amount equal to
26 five percent [ONE-TENTH] of the purchase price, or if the purchaser
27 elects to use land discounts granted under AS 38.05.058, five percent
28 of the amount bid after deduction of the discount. The director or his
29 representative shall immediately issue a receipt containing a descrip-

1 tion of the land or property purchased, the price bid, the amount
2 deposited, and the amount of any discount allowed [TERMS OF SALE],
3 which receipt shall be acknowledged in writing by the bidder. [A
4 CONTRACT OF SALE ON A FORM APPROVED BY THE ATTORNEY GENERAL SHALL BE
5 SIGNED BY THE PURCHASER AND, AFTER APPROVAL OF THE COMMISSIONER, THE
6 CONTRACT SHALL ALSO BE SIGNED BY THE DIRECTOR ON BEHALF OF THE STATE.]

7 * Sec. 14. AS 38.05.057(a) is amended to read:

8 (a) The commissioner may dispose of land, including land limited
9 to use for agricultural purposes, by lottery. The purchase price of
10 land sold by lottery shall be the fair market value of the land as
11 determined by the commissioner [BUT MAY NOT BE LESS THAN \$400 PER ACRE,
12 OR, IF THE LAND IS LIMITED TO USE FOR AGRICULTURAL PURPOSES, THE PUR-
13 CHASE PRICE MAY NOT BE LESS THAN \$100 PER ACRE]. The commissioner may
14 sell land by lottery for less than the fair market value of the land if
15 he determines that scarcity of land for private use in the area of the
16 land to be sold has resulted in unrealistic land values. Before the
17 commissioner determines the purchase price for land which is located in
18 a municipality and which is to be sold under this section, he shall
19 consult with the assessor of the municipality. The lottery shall be
20 conducted in public by the commissioner or his representative and an
21 applicant may not be selected to purchase land unless he is present on
22 the date and at the place that the lottery is conducted unless medical
23 reasons, attendance at school, or military service outside the state
24 prevent attendance. An applicant may be represented by an agent on the
25 day of the lottery if the land offered for sale is commercial, in-
26 ustrial, or agricultural land. On [, AND AT] the day of the lottery
27 [TIME OF SIGNING A CONTRACT OF SALE] a purchaser selected by lot shall
28 deposit an amount equal to five percent of the purchase price, or if
29 the purchaser elects to use land discounts granted under AS 38.05.058,

1 five percent of the [DISCOUNT] purchase price after deduction of the
2 discount.

3 * Sec. 15. AS 38.05.070(b) is amended to read:

4 (b) The director, with the approval of the commissioner, shall
5 determine the land to be leased and the limitations, conditions and
6 terms of the lease. If the appraised value of the transaction is \$250
7 a year or less the director may negotiate a lease without advertisement
8 for a period not to exceed five years, and on the limitations, con-
9 ditions and terms which he considered are in the best interests of the
10 state. A lease negotiated under this subsection is not eligible for a
11 preference under AS 38.05.102.

12 * Sec. 16. AS 38.05.077(a) is repealed and reenacted to read:

13 (a) The commissioner shall designate remote parcel selection
14 areas and shall dispose of remote parcels in accordance with AS 38.04.-
15 020. A remote parcel may not exceed 40 acres.

16 * Sec. 17. AS 38.05.077(c) is amended to read:

17 (c) A person who qualifies under (g) of this section may apply
18 [UNDER THE PROCEDURES SET OUT IN AS 38.05.057] to lease a remote parcel
19 in a parcel selection area designated by the commissioner under (a) of
20 this section if he has staked the exterior boundaries of the remote
21 parcel in accordance with the parcel selection procedures established
22 under (b) of this section during an entry period established by the
23 commissioner. A [EACH] person [WHO IS ENTITLED TO SELECT A REMOTE
24 PARCEL] may enter a remote parcel selection [THE] area [FOR WHICH HE
25 APPLIED] to stake the boundaries of a remote parcel. A person shall
26 stake a remote parcel in person and may not be represented by an
27 attorney or agent.

28 * Sec. 18. AS 38.05.077(d) is amended to read:

29 (d) Not later than 15 days after [SELECTION AND] staking the

1 exterior boundaries of a remote parcel, the person who staked [SELECTED]
2 the parcel shall file a sketch plat with the department which shows the
3 location of the remote parcel [AND THE LOCATION OF THE LAND IN THE
4 PARCEL THAT HE INTENDS TO USE FOR RESIDENTIAL PURPOSES]. At the time
5 of filing the sketch plat, the person who staked [SELECTED] the parcel
6 shall apply to lease the land. An application to lease the land shall
7 be on a standard form prepared by the department. The annual rental
8 payment for the first year of the lease shall be submitted to the
9 department with the application. After the application to lease a
10 remote parcel is approved, the commissioner shall offer to lease the
11 land to the person who staked [SELECTED] the remote parcel. A lease
12 granted under this section shall contain the following terms:

13 (1) a remote parcel may be leased for five years;

14 (2) a remote parcel lease may be renewed at the option of
15 the lessee for a second five-year period under the same terms as pro-
16 vided for the first five-year period of the remote parcel lease; [AND]

17 (3) a rental payment shall be paid annually and shall be
18 \$10 for each acre; [\$150 A YEAR FOR FIVE ACRES OR LESS PLUS \$50 FOR
19 EACH ACRE BY WHICH THE REMOTE PARCEL EXCEEDS FIVE ACRES.]

20 (4) unless the land is surveyed, the lessee shall, within
21 one year of approval of the lease application and continuously for the
22 lease period, physically delineate the boundaries of the parcel by
23 brushing a line so that they are readily visible from the ground.

24 * Sec. 19. AS 38.05.077 is amended by adding a new subsection to read:

25 (g) To qualify to stake a remote parcel under this section, a
26 person shall

27 (1) at the time of application have attained the age of 18;

28 (2) submit proof, as required by regulation, that he has
29 been a resident of the state for one year; and

1 (3) certify that he has not previously leased or purchased
2 land, other than agricultural, commercial, or industrial land, from the
3 land disposal bank within the eight years immediately preceding the
4 date of staking a remote parcel.

5 * Sec. 20. AS 38.05.078(a) is repealed and reenacted to read:

6 (a) A lessee of a remote parcel may purchase the land if, before
7 expiration of the lease or a renewal of the lease, he surveys the land.

8 * Sec. 21. AS 38.05.078(c) is repealed and reenacted to read:

9 (c) Upon payment to the commissioner of an amount equal to five
10 percent of the fair market value, a lessee of a remote parcel may
11 purchase land in a remote parcel area under the terms specified in
12 AS 38.05.065(b). The purchase price shall be the fair market value of
13 the remote parcel as determined by the commissioner at the time of
14 lease.

15 * Sec. 22. AS 38.05.078 is amended by adding new subsections to read:

16 (g) If a person stakes a remote parcel in good faith but includes
17 land in his parcel which was previously claimed by another person eli-
18 gible to stake a remote parcel, the director shall approve that part
19 of the later staking which does not conflict with the earlier staking
20 and allow the person to stake additional land in the remote parcel
21 staking area.

22 (h) If a person stakes a remote parcel in good faith but includes
23 land in his parcel which is outside the remote parcel staking area, the
24 director shall either disapprove the staking of land outside the remote
25 parcel staking area and allow the person to stake additional land in
26 the remote parcel staking area or he may approve the staking of the
27 land outside the remote parcel staking area.

28 * Sec. 23. AS 38.05.095(b) is amended to read:

29 (b) A nonprofit organization that is exempted from paying rent on

1 state land under AS 38.05.315 [AS 38.05.097] may not sublease or assign
2 the land or a portion of it on which it has a lease.

3 * Sec. 24. AS 38.05.097(a) is amended to read:

4 (a) A nonprofit organization using state land leased by it under
5 AS 38.05.070 - 38.05.105 and 38.05.315 for a youth encampment or similar
6 recreational purpose is exempt from lease rental payments on that land.
7 The nonprofit organization shall meet all other terms and conditions of
8 the lease specified under AS 38.05.070 - 38.05.105 and 38.05.315.

9 * Sec. 25. AS 38.05.102 is amended to read:

10 Sec. 38.05.102. LESSEE PREFERENCE. If land within a leasehold
11 created under AS 38.05.070 - 38.05.100 is offered for sale or long-term
12 lease at the termination of the existing leasehold, the director may,
13 if he finds that it is in the best interest of the state, allow the
14 holder in good standing of that leasehold to purchase or lease the land
15 for its appraised fair market value [THE AMOUNT OF THE HIGH BID RECEIVED
16 AT PUBLIC AUCTION].

17 * Sec. 26. AS 38.05.127 is amended by adding a new subsection to read:

18 (d) Upon application by a municipality or an affected owner of
19 land, the department may vacate, release, modify, or relocate an ease-
20 ment and right-of-way for public access to or along navigable or public
21 waters reserved by the department in a patent issued under AS 29.18 if
22 the commissioner determines the action is consistent with the public
23 interest.

24 * Sec. 27. AS 38.05.305 is repealed and reenacted to read:

25 Sec. 38.05.305. LAND DISPOSAL IN THE UNORGANIZED BOROUGH. Before
26 a sale, lease under AS 38.05.070 - 38.05.105, or other disposal of
27 state land in the unorganized borough, the commissioner shall consider
28 the effect that the sale, lease, or other disposal may be expected to
29 have on the density of the population in the vicinity of the land, and

1 any potential for conflicts with the traditional uses of the land which
2 could result from the sale, lease or disposal. If he finds it neces-
3 sary, the commissioner shall develop a plan to resolve or mitigate the
4 conflicts in a manner consistent with the public interest and the
5 provisions of this chapter.

6 * Sec. 28. AS 38.05.315(b) is amended to read:

7 (b) Notwithstanding AS 38.05.070 - 38.05.080 and [,] 38.05.095,
8 [AND AS 38.05.100] the director, upon application filed by an applicant
9 eligible under (b) - (d) of this section, may, by negotiation and
10 without public auction in the manner prescribed in (b) - (d) of this
11 section, lease state land for a term of not more than 55 years. Before
12 leasing, the director shall prepare a land use plan and a land classi-
13 fication to insure that the proposed use is compatible with area utili-
14 zation. Before the land may be leased under (b) - (d) of this section,
15 it must be shown to the satisfaction of the director that the land is
16 to be used for an established or definitely proposed project, and that
17 the eligible applicant has the financial ability to carry out the
18 project. The commissioner may establish limitations on the acreage
19 which may be leased under (b) - (d) of this section to an applicant.

20 * Sec. 29. AS 38.05.315(d) is amended to read:

21 (d) The director may lease the land to an eligible applicant at a
22 reasonable annual rental, taking into consideration the purposes for
23 which the land is to be used and the financial resources of the appli-
24 cant. The [, BUT IN NO CASE MAY THE] rental may not be less than one
25 percent of the fair market value on lands acquired primarily for devel-
26 opment, or less than five percent of the fair market value on [SCHOOL,]
27 university [,MENTAL HEALTH,] or acquired lands. Rent may not be
28 charged for state land leased for a youth encampment. For the purposes
29 of this subsection, "youth encampment" shall be defined by the commis-

1 sioner by regulation. Renewal leases may be issued at the discretion
2 of the director upon the expiration of a primary or renewal term. Each
3 lease shall contain a provision for its termination as to all or part
4 of the lands upon a finding by the director that the land or a part of
5 it has not been used by the lessee for the purpose specified in the
6 lease for a period of two years. No lease may be assigned or subleased
7 except with the consent of the director, and in any case may only be
8 transferred to an applicant eligible under (b) - (d) of this section.
9 A lessee may not change the use specified in the lease to another or
10 additional use except with the consent of the director. If, at any
11 time after the land is leased, the lessee attempts to assign the lease
12 or transfer control over the land to another, or if the land is devoted
13 to a use other than that for which the land was leased without the
14 consent of the director, the lease automatically terminates.

15 * Sec. 30. AS 38.05.345 is repealed and reenacted to read:

16 Sec. 38.05.345. NOTICE. (a) This section establishes the re-
17 quirements for notice given by the department for the following actions:

18 (1) classification or reclassification of state land under
19 AS 38.05.300 and the closing of land to mineral leasing or entry under
20 AS 38.05.185;

21 (2) zoning of land under applicable law;

22 (3) a decision under AS 38.05.035(a)(14) regarding the sale,
23 lease, or other disposal of an interest in state land or resources; and

24 (4) a competitive disposal of an interest in state land or
25 resources after final decision under AS 38.05.035(a)(14).

26 (b) Notice of one or more actions described in (a) of this section
27 shall be given at least 30 days before the action by (1) publication in
28 newspapers of statewide circulation and in a newspaper of general
29 circulation in the vicinity of the proposed action, (2) publication

1 through public service announcements on the electronic media serving
2 the area affected by the action, (3) posting in a conspicuous location
3 in the vicinity of the action, (4) notification of parties known or
4 likely to be affected by the action, or (5) another method calculated
5 to reach affected persons. A notice shall contain sufficient informa-
6 tion to inform the public of the nature of the action and the opportun-
7 ity of the public to comment on the action.

8 (c) Notice at least 30 days before action under (a) of this
9 section shall also be given to the following:

10 (1) to a municipality if the land is within the boundaries
11 of the municipality;

12 (2) to a regional corporation if the boundaries of the
13 corporation as established by sec. 7(a) of the Alaska Native Claims
14 Settlement Act encompass the land and the land is outside a municipal-
15 ity;

16 (3) to a village corporation organized under sec. 8(a) of
17 the Alaska Native Claims Settlement Act if the land is within six miles
18 of the village for which the corporation was established and the land
19 is located outside a municipality;

20 (4) to the postmaster of a permanent settlement of more than
21 25 persons located within six miles of the land if the land is located
22 outside a municipality, with a request that the notice be posted in a
23 conspicuous location.

24 (d) A municipality or a corporation entitled to receive notice
25 under (c) of this section may hold a hearing within 30 days after
26 receipt of the notice. If a hearing is held, the commissioner shall
27 attend the hearing. The commissioner may hold a public hearing at his
28 own discretion.

29 (e) For purposes of this section an "interest in state land or

1 resources" does not include

2 (1) a permit or other authorization revocable by the depart-
3 ment; or

4 (2) negotiated sales under AS 38.05.115.

5 * Sec. 31. AS 38.08.040(b) is amended to read:

6 (b) If the number of applicants qualified for homesite entry
7 exceeds the number of available homesites offered, or if several appli-
8 cants apply and qualify for the same homesite, priority in award of an
9 entry permit shall be accorded to that applicant showing proof of the
10 longest residency in the state. An applicant shall present his proof
11 of residency to the department in a manner designated by the director.

12 * Sec. 32. AS 41.17.020(a) is amended to read:

13 (a) The governor may [SHALL] establish, within the Department of
14 Natural Resources, a division of forestry [FOREST, LAND, AND WATER
15 MANAGEMENT] to carry out this chapter and other appropriate duties
16 designated by the governor. The division shall be headed by a director
17 who shall be the state forester, appointed to the partially exempt
18 service in accordance with law by the commissioner, from a list of two
19 or more candidates submitted by the board. The commissioner may reject
20 all candidstes, in which case the board shall submit a new list. The
21 state forester shall be a natural resources land manager with generally
22 accepted educational credentials, familiar and experienced with the
23 renewable and nonrenewable resources and values of forest land and the
24 products, benefits, and services obtained from them.

25 * Sec. 33. AS 38.05.047, 38.05.065(a), 38.05.077(b)(2), 38.05.078(b) and
26 (d)(1), and 38.05.097 are repealed.

27 * Sec. 34. A person who selected a remote parcel or acquired a right to
28 select a remote parcel before July 1, 1981, is entitled to convert his
29 remote parcel lease agreement to a new lease agreement which contains terms

1 and conditions consistent with AS 38.05.077(a) and (d), 38.05.078(a) and (c)
2 and the repeal of AS 38.05.078(b) and (d)(1) enacted in secs. 16, 18, 20,
3 21, and 33 of this Act. The director of the division of lands, Department
4 of Natural Resources, shall prepare and distribute new lease forms to persons
5 described in this section. The director shall apply rent paid in excess of
6 the rental established in AS 38.05.077(d)(3) enacted in sec. 18 of this Act
7 to rental payments coming due after July 1, 1981, or to the purchase of a
8 remote parcel after July 1, 1981.

9 * Sec. 35. This Act takes effect July 1, 1981.

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