

**SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 59
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION**

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Introduced: 3/25/91

Referred: Resources, Judiciary, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the reconstitution and administration of and the payment of damages
2 to the trust established under the Alaska Mental Health Enabling Act of 1956, a federal
3 act, to ratification of previous conveyances and disposals of trust land, and to judicial
4 determination of the value of trust land taken by the state; and providing for an effective
5 date."

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

7 * **Section 1. FINDINGS AND PURPOSE.** (a) The legislature finds

8 (1) the United States Congress passed the Alaska Mental Health Enabling Act of 1956,
9 P.L. 84-830, 70 Stat. 709, "To confer upon Alaska autonomy in the field of mental health, transfer from
10 the Federal Government to the Territory the fiscal and functional responsibility for the hospitalization
11 of committed mental patients, and for other purposes";

12 (2) in sec. 202 of the Alaska Mental Health Enabling Act of 1956, the Congress granted
13 the Territory of Alaska the right to select up to 1,000,000 acres of federal land to serve as a source of

1 funds to support the territory's mental health program;

2 (3) in subsection 202(e), the Congress specifically provided that the land so granted, and
3 any income from the land and proceeds from dispositions of the land, were to be administered as "a
4 public trust and such proceeds and income shall first be applied to meet the necessary expenses of the
5 mental health program of Alaska," that "lands, income, and proceeds shall be managed and utilized in
6 such manner as the Legislature of Alaska may provide," that the land may be "sold, leased, mortgaged,
7 exchanged or otherwise disposed of in such manner as the Legislature of Alaska may provide, in order
8 to obtain funds or other property to be invested, expended or used by the Territory of Alaska," and that
9 the Alaska legislature must exercise this broad authority "in a manner compatible with the conditions
10 and requirements imposed by this Act;"

11 (4) in requiring that the proceeds and income of the 1,000,000 acre land grant "first be
12 applied to meet the necessary expenses of the mental health program of Alaska," it was the intent of the
13 Congress that additional public funds be appropriated by the legislature to supplement the proceeds and
14 income from the land grant if those proceeds and income are insufficient to meet the necessary expenses
15 of the mental health program of Alaska;

16 (5) the Congress authorized the legislature to appropriate the excess proceeds and income
17 for other public purposes if the proceeds and income from the 1,000,000 acre land grant exceed the
18 necessary expenses of the mental health program of Alaska;

19 (6) because of the highly desirable location and character of much of the land selected
20 by the state under the Act, for example, land in and around major population centers and land suitable
21 for parks and game refuges and other uses, and the difficulties associated with disposing of or dedicating
22 the land for purposes that would not result in the receipt of funds that could be used for mental health
23 purposes, for example, satisfaction of municipal entitlements, placement in parks and game refuges, and
24 other uses, without compensation to the trust, the Tenth Alaska State Legislature enacted chs. 181 and
25 182, SLA 1978, which, among other things, redesignated all mental health land as general grant land;

26 (7) both chs. 181 and 182, SLA 1978, also created the mental health fund into which,
27 as compensation to the trust, a sum equal to one and one-half percent of all revenue received from the
28 management of state land was to be deposited and from which only the income could be appropriated
29 exclusively for mental health purposes;

30 (8) a significant difference between chs. 181 and 182, SLA 1978, was that ch. 182 made
31 the deposit of one and one-half percent of all public land revenue into the mental health fund "subject

1 to legislative appropriation of sufficient funds";

2 (9) because ch. 182, SLA 1978, became law after ch. 181, SLA 1978, became law, the
3 provisions of ch. 182, SLA 1978, have been considered controlling, including specifically the provision
4 that deposits to the mental health fund would be "subject to legislative appropriation of sufficient funds";

5 (10) the legislature has never appropriated funds to the mental health fund;

6 (11) a class action lawsuit, *Weiss v. State*, 4FA-82-2208, filed on November 26, 1982,
7 sought a judicial determination that the Alaska Mental Health Enabling Act of 1956 had established a
8 "public trust" under which the state had received the 1,000,000 acre land grant, that the 1978 legislation
9 redesignating mental health land as general grant land was a breach of that trust, and that the appropriate
10 remedy was to invalidate the 1978 legislation and return mental health land to trust status;

11 (12) in *State v. Weiss*, 706 P.2d 681 (Alaska 1985), the Alaska Supreme Court held that
12 the Alaska Mental Health Enabling Act of 1956 established a public trust, that the 1978 legislation
13 redesignating mental health land as general grant land was a breach of the trust, and that the appropriate
14 remedy was to return mental health land still in state ownership to trust status and, for mental health land
15 that the state had "sold" between 1978 and the date of the court's decision, to compensate the trust for
16 the fair market value of mental health land so "sold" as of the date of "sale," subject to a set-off for state
17 mental health expenditures during the same period;

18 (13) while the court returned mental health land to trust status, it did not specify the
19 nature of the state's obligations with respect to managing the trust land, leaving significant questions
20 unanswered that may require additional costly and time-consuming litigation;

21 (14) the failure of the legislature to deal with the current situation by properly
22 reconstituting the mental health trust at this time will lead to continued costly, time-consuming, and
23 divisive litigation;

24 (15) continued costly and time-consuming litigation over mental health trust land
25 management is not in the public interest because

26 (A) it diverts attention from the goal the Congress sought to achieve through the
27 Act's land grant, the funding of a mental health program;

28 (B) it has the potential to be extremely divisive, pitting the advocates of stringent
29 mental health trust land management against those who envision state-owned mental health land
30 managed for its highest and best use, including conveyance to municipalities in satisfaction of
31 municipal entitlements, placement in parks and game refuges, and other uses, without a major

1 expenditure to compensate the mental health trust for the fair market value of the land;

2 (C) the validity of the taking by the state of land or an interest in land from the
3 original mental health land trust has been called into question, resulting in the creation of a cloud
4 on the title of the former mental health trust land that was subsequently conveyed or otherwise
5 encumbered by the state;

6 (D) advocates of stringent mental health trust land management may seek the
7 invalidation of state conveyances of mental health land to third parties, particularly municipalities
8 and Native corporations organized under the Alaska Native Claims Settlement Act, a course of
9 action that at best will place a cloud on the third parties' title to those lands and at worst will
10 result in those third parties losing title to their land, causing economic and other harm and further
11 dividing those who advocate stringent mental health trust land management from those who
12 believe all state-owned land, including mental health land, should be managed for its highest and
13 best use; and

14 (E) advocates of stringent mental health trust land management may seek the
15 invalidation of legislative designations of mental health land as state parks, state game refuges,
16 and state forests placing the future use of the land for the designated purposes in doubt and
17 further dividing those who advocate stringent mental health trust land management from those
18 who believe all state-owned land, including mental health land, should be managed for its highest
19 and best use;

20 (16) continued litigation and uncertainty with respect to the status of the mental health
21 trust causes uncertainty with respect to state revenues and expenditures;

22 (17) the same problems that led to the 1978 redesignation of mental health land as
23 general grant land, for example, the desirability of managing mental health land for its highest and best
24 use, including the satisfaction of municipal entitlements and inclusion of land in parks and game refuges,
25 will continue to pose difficulties in the state's efforts to accommodate the public's needs generally with
26 the obligation to administer mental health land as a trust;

27 (18) under art. VIII, sec. 2, Constitution of the State of Alaska, as construed by the
28 Alaska Supreme Court in *State v. University of Alaska*, 624 P.2d 807 (1981), the legislature has the
29 authority to remove land from trust status if the trust is compensated for the fair market value of the
30 land;

31 (19) the state is not now, and in the foreseeable future will not be, in a position fully to

1 compensate the mental health trust in money for the fair market value of all mental health land taken;
2 (20) even if the state were able to compensate the mental health trust in money for the
3 fair market value of mental health land, there is a substantial legal question whether that compensation,
4 as the corpus of the trust, could be preserved in perpetuity;

5 (21) under art. VIII, sec. 2, Constitution of the State of Alaska, and subsection 202(e)
6 of the Alaska Mental Health Enabling Act, the legislature has broad authority over all state land,
7 including mental health land, and can permissibly remove mental health land from trust status if,
8 consistent with its trust responsibilities, it simultaneously designates other state land of equivalent value
9 as mental health land or provides adequate financial compensation to the trust to compensate the trust
10 for land removed from trust status;

11 (22) the Congress' goal of providing support for a mental health program, and the public
12 interest in having attention focused on the problems of the mentally ill and not questions regarding
13 mental health trust land management, will be best served by establishing a mechanism for generating
14 revenue from mental health land that minimizes the number and complexity of related land management
15 decisions;

16 (23) the interests of both the trust and the general public will best be served by
17 implementing the supreme court mandate in State v. Weiss, 706 P.2d 681, 683 - 684 (Alaska 1985), to
18 reconstitute the trust.

19 (b) The purposes of this Act are

20 (1) to implement the intent of the Congress underlying sec. 202 of the Alaska Mental
21 Health Enabling Act by reconstituting the mental health land trust and by providing that mental health
22 land be administered in a way that makes revenue available for the support of Alaska's mental health
23 program;

24 (2) to implement the mandate to reconstitute the mental health trust as set out by the
25 Alaska Supreme Court in State v. Weiss, 706 P.2d 681 (Alaska 1985);

26 (3) to provide a means that mental health land be administered in a way that makes
27 revenue available for the support of Alaska's mental health program;

28 (4) to validate each deed, contract for sale, lease, easement, right-of-way, permit, mineral
29 lease disposal, reservation of land for public use by statute, or land management actions, including use
30 classifications under AS 38.05.300 and interagency land management assignments by the Department
31 of Natural Resources, that may have been called into question by the Alaska Supreme Court's decision

1 in State v. Weiss, 706 P.2d 681 (Alaska 1985);

2 (5) to provide a mechanism for establishing the value of and compensating the mental
3 health trust for land previously taken by the payment of just compensation in the form of money, the
4 exchange of land of equal value, or both, subject to the set-off for mental health expenditures authorized
5 in State v. Weiss, 706 P.2d 681, 684 (Alaska 1985); and

6 (6) to establish a trust mechanism that requires minimum additional staff by drawing
7 upon the personnel and resources of the state agencies responsible for management and control of state
8 resources.

9 * Sec. 2. AS 37.14 is amended by adding new sections to read:

10 Sec. 37.14.001. TRUST CORPUS. The board of trustees of the Alaska Mental Health
11 Trust Corporation shall have the care, custody, and management of the corpus of the mental
12 health trust. The corpus of the mental health trust consists of

13 (1) all right, title, and interest in land granted to the state under the Alaska Mental
14 Health Enabling Act of 1956, P.L. 84-830, 70 Stat. 709, and redesignated as general grant land
15 by ch. 181, SLA 1978 and ch. 182, SLA 1978, except for land or an interest in land that was
16 taken from the corpus of the original mental health trust by the state;

17 (2) the right to just compensation for the land or an interest in land taken by the
18 state from the corpus of the original mental health trust;

19 (3) land

20 (A) acquired from the state by exchange under AS 37.14.065;

21 (B) traded or donated to the trust by third parties; or

22 (C) acquired under AS 37.14.006(b)(1) as replacement land; and

23 (4) money received

24 (A) as compensation for land or an interest in land taken by the state from
25 the corpus of the original mental health trust, the amount of compensation to be
26 determined under AS 37.14.006(b)(2);

27 (B) as compensation for trust corpus land taken by the state by eminent
28 domain under AS 09.55.240 - 09.55.460;

29 (C) from a third party for the purchase of trust land or an interest in trust
30 land; and

31 (D) as donations to the trust.

1 Sec. 37.14.006. COMPENSATION FOR LAND TAKEN FROM THE CORPUS OF THE
2 MENTAL HEALTH TRUST. (a) Subject to (c) of this section, the Alaska Mental Health Trust
3 Corporation has a valid claim of a right to just compensation for land or an interest in land taken
4 by the state from the corpus of the original mental health trust.

5 (b) The claim authorized by (a) of this section may be satisfied by

6 (1) the conveyance of replacement land of equal fair market value to the Alaska
7 Mental Health Trust Corporation; or

8 (2) subject to legislative appropriation, money paid as compensation to the mental
9 health trust corpus in an amount equal to the fair market value of the land or an interest in land
10 taken by the state from the corpus of the original mental health trust, the value of the land or the
11 interest to be determined as of the time the taking occurred.

12 (c) To determine the amount of just compensation due the Alaska Mental Health Trust
13 Corporation for land or an interest in land taken by the state from the corpus of the land granted
14 to the state under the Alaska Mental Health Enabling Act of 1956, the state shall reduce the
15 amount determined under (b) of this section by an amount equal to the mental health
16 expenditures made by the state from the time the taking occurred until the time the total amount
17 of just compensation owed is determined.

18 * Sec. 3. AS 37.14.011(b) is repealed and reenacted to read:

19 (b) Income from the corpus of the mental health trust shall be deposited into the mental
20 health trust income account.

21 * Sec. 4. AS 37.14.021 is amended to read:

22 Sec. 37.14.021. UTILIZATION OF THE MENTAL HEALTH TRUST INCOME
23 ACCOUNT. (a) Money in the mental health trust income account established in
24 AS 37.14.011(a) shall first be appropriated by the legislature to meet the necessary expenses of
25 the mental health program of the state. In making annual appropriations from the mental health
26 trust income account, the legislature shall consider the recommendations of the Alaska Mental
27 Health Board established under AS 47.30.661, including recommendations regarding capital
28 improvements.

29 (b) After making appropriations from the mental health trust income account to
30 meet the necessary expenses of the state's mental health program [HAVE BEEN FUNDED], the
31 legislature may authorize transfer of the unobligated and unappropriated fiscal year-end balance

1 in the mental health trust income account as of June 30

2 (1) to the corpus of the Alaska mental health trust; or

3 (2) to the unreserved portion of the general fund for other public purposes.

4 * Sec. 5. AS 37.14 is amended by adding new sections to read:

5 Sec. 37.14.031. ALASKA MENTAL HEALTH TRUST CORPORATION. (a) There
6 is established the Alaska Mental Health Trust Corporation. The corporation is a public
7 corporation and government instrumentality in the Department of Revenue managed by the board
8 of trustees.

9 (b) The board shall manage and invest the assets of the corporation in accordance with
10 AS 37.14.011 - 37.14.099.

11 Sec. 37.14.033. BOARD OF TRUSTEES. (a) The Board of Trustees of the Alaska
12 Mental Health Trust Corporation consists of three members appointed by the governor. The
13 members shall be appointed by the governor from the public and may not hold any other state
14 or federal office, position, or employment, either elective or appointive, except as a member of
15 the armed forces of either the United States or of this state.

16 (b) The public members of the board must have recognized competence and experience
17 in finance, investments, land management, or other business management-related fields.

18 (c) The board shall annually elect a chair from among its members.

19 Sec. 37.14.035. TERM OF OFFICE; VACANCY AND REMOVAL. (a) The members
20 of the board serve terms of six years.

21 (b) A vacancy on the board shall be filled by appointment by the governor. A member
22 selected to fill a vacancy shall hold office for the balance of the full term for which the
23 member's predecessor on the board was appointed.

24 (c) A vacancy on the board does not impair the authority of a quorum of the members
25 of the board to exercise all the powers and perform all the duties of the board.

26 (d) The governor may remove a member of the board from office for cause, including
27 but not limited to incompetence, neglect of duty, or misconduct in office. A member being
28 removed for cause shall be given a copy of the charges and afforded an opportunity to publicly
29 present a defense in person or by counsel upon not less than 10 days' notice. If a board member
30 is removed for cause, the governor shall file with the lieutenant governor a complete statement
31 of all charges made against the board member and the governor's findings based on the charges,

1 together with a complete record of the proceedings.

2 Sec. 37.14.037. QUORUM. Two members of the board constitute a quorum for the
3 transaction of business, for the performance of a duty, or for the exercise of a power by the
4 board.

5 Sec. 37.14.039. COMPENSATION AND EXPENSES. The members of the board shall
6 serve without compensation, but are entitled to per diem and travel expenses authorized for
7 boards and commissions under AS 39.20.180 and the corporation may reimburse board members
8 for actual expenses necessarily incurred in the discharge of their duties.

9 Sec. 37.14.041. LEGAL COUNSEL. The attorney general is the legal counsel for the
10 board. The attorney general shall advise the board in legal matters arising in the discharge of
11 its duties and represent the board in suits to which it is a party. However, the board may, with
12 the consent of the attorney general, retain additional legal counsel as appropriate.

13 Sec. 37.14.043. PERSONNEL. (a) The board shall employ an executive director, who
14 is an exempt employee under AS 39.25.110, and whose offices shall be within the Department
15 of Natural Resources. The executive director

16 (1) shall have access to records of the Department of Natural Resources pertinent
17 to land that was selected as part of land granted to the state by the Alaska Mental Health
18 Enabling Act of 1956, P.L. 84-830, 70 Stat. 709, or that is part of the trust corpus under
19 AS 37.14.001;

20 (2) with the approval of the board, may employ those persons necessary to carry
21 out the purposes of this chapter; persons employed under this paragraph

22 (A) are in the exempt service under AS 39.25.110;

23 (B) shall have offices within the Department of Natural Resources; and

24 (C) shall have access to records of the Department of Natural Resources
25 on the same basis as the executive director of the corporation under (1) of this subsection.

26 (b) In addition to its staff of regular employees, the board may contract for and engage
27 the services of consultants as necessary.

28 Sec. 37.14.045. CONFLICTS OF INTEREST. (a) Members of the board are subject to
29 the provisions of AS 39.50.

30 (b) If a member of the board or an employee of the corporation acquires, owns, or
31 controls an interest, direct or indirect, in an entity or project in which corporation assets are

1 invested, the member shall immediately disclose the interest to the board. The disclosure is a
2 matter of public record and shall be included in the minutes of the board meeting next following
3 the disclosure.

4 Sec. 37.14.047. INVESTMENT RESPONSIBILITIES OF THE BOARD. (a) The
5 prudent-investor rule shall be applied by the board in the management and investment of assets
6 of the corporation. The prudent-investor rule as applied to investments of the corporation means
7 that in making investments the board shall exercise the judgment and care under the
8 circumstances then prevailing that an institutional investor of ordinary prudence, discretion, and
9 intelligence exercises in the management of large investments entrusted to it not in regard to
10 speculation but in regard to the permanent disposition of funds, considering probable safety of
11 capital as well as probable income.

12 (b) The board shall maintain a reasonable diversification among investments unless under
13 the circumstances it is clearly prudent not to do so.

14 (c) The board may contract with the Department of Revenue or with the Alaska
15 Permanent Fund Corporation for the investment of some or all of the investments of the
16 corporation.

17 (d) The board shall prepare and submit long-range and quarterly investment reports to
18 the Legislative Budget and Audit Committee.

19 (e) The board may enter into and enforce all contracts necessary, convenient, or desirable
20 for purposes of the corporation.

21 Sec. 37.14.049. CORPORATION BUDGET. The revenue generated by the corporation's
22 investments shall be identified as the source of the operating budget of the corporation in the
23 state's operating budget under AS 37.07 (Executive Budget Act). However, the unexpended
24 balance of the corporation's annual operating budget does not lapse at the end of the fiscal year.

25 Sec. 37.14.051. AUDITS. The Legislative Budget and Audit Committee may provide
26 for an annual post audit and annual operational and performance evaluations of the corporation's
27 investments and investment programs.

28 Sec. 37.14.053. REPORTS AND PUBLICATIONS. By November 30 of each year, the
29 board shall publish a report of the corporation for distribution to the governor, legislature, and
30 the public. The report must include financial statements audited by independent outside auditors,
31 a statement of the amount of money received by the corporation from each investment during the

1 period covered, a statement of investments of the corporation including an appraisal at market
2 value, a description of corporation investment activity during the period covered by the report,
3 a comparison of the corporation performance with the intended goals contained in AS 37.14.047,
4 and any other information the board believes would be of interest to the governor, the legislature,
5 and the public.

6 Sec. 37.14.055. TAX EXEMPTION. (a) The corporation is exempt from all taxes and
7 assessments levied and collected in the state.

8 (b) All security instruments issued by the corporation, their transfer, and their income are
9 exempt from all taxes and assessments levied and collected in the state.

10 Sec. 37.14.057. POLITICAL ACTIVITIES. The resources of the corporation may not
11 be used to finance or influence political activities.

12 Sec. 37.14.059. PUBLIC ACCESS TO INFORMATION. Information in the possession
13 of the corporation is a public record.

14 Sec. 37.14.061. CORPORATION AS TRUSTEE OF ALASKA MENTAL HEALTH
15 TRUST. (a) The corporation is the trustee of the mental health trust and, subject to legislative
16 appropriation under AS 37.14.021, of the mental health trust income account established under
17 AS 37.14.011.

18 (b) The board shall manage the state mental health trust in a manner that

19 (1) provides for the long-term growth of the assets of the trust corpus; and

20 (2) yields a profit from assets in the trust corpus.

21 (c) The corporation has full powers over the trust corpus, including the power to

22 (1) invest and manage the monetary assets of the trust corpus; and

23 (2) sell, lease, exchange, or otherwise dispose of trust land, consistent with the
24 corporation's obligation as a trustee to obtain fair market value.

25 Sec. 37.14.063. STATUS OF TRUST LAND. (a) Notwithstanding any other provision
26 of law, land that is part of the corpus of the mental health trust

27 (1) is not and may not be treated as state public domain land;

28 (2) is subject to condemnation under AS 09.55.240 - 09.55.460.

29 (b) Title to or interest in land described in (a) of this section may not be acquired by
30 adverse possession, prescription, or in any other manner except by conveyance by the board of
31 trustees of the Alaska Mental Health Trust Corporation.

1 **Sec. 37.14.065. LAND EXCHANGES.** (a) The board may convey trust land to the state
2 in exchange for land or money.

3 (b) If the state exchanges trust land for other land, the board shall make every effort to
4 acquire from the state replacement land of comparable fair market value.

5 (c) The board shall establish procedures providing for public notice and opportunity for
6 public comment before entering into a land exchange under this section.

7 **Sec. 37.14.099. DEFINITIONS.** In AS 37.14.011 - 37.14.099,

8 (1) "board" means the Board of Trustees of the Alaska Mental Health Trust
9 Corporation;

10 (2) "corporation" means the Alaska Mental Health Trust Corporation;

11 (3) "fair market value" has the meaning given in AS 38.04.910;

12 (4) "land conveyed or otherwise encumbered" means land

13 (A) conveyed by deed;

14 (B) subject to a contract for sale or lease;

15 (C) subject to an easement, right-of-way or permit;

16 (D) subject to a mineral lease;

17 (E) subject to a reservation for public use by statute; and

18 (F) subject to interagency land management assignments made by the

19 Department of Natural Resources;

20 (5) "land or an interest in land taken by the state from the corpus of the original
21 Mental Health Trust" means land

22 (A) granted to the state under the Alaska Mental Health Enabling Act of
23 1956, P.L. 84-830, 70 Stat. 709;

24 (B) redesignated as general grant land by ch. 181, SLA 1978 and ch. 182,
25 SLA 1978; and

26 (C) subsequently conveyed or otherwise encumbered by the state;

27 (6) "mental health trust" and "trust" means the mental health trust established
28 under the Alaska Mental Health Enabling Act of 1956, P.L. 84-830, 70 Stat. 709.

29 * **Sec. 6.** AS 39.25.110(11) is amended to read:

30 (11) the officers and employees of the following boards, commissions, and
31 authorities:

- 1 (A) Alaska Gas Pipeline Financing Authority;
2 (B) Alaska Permanent Fund Corporation;
3 (C) [REPEALED
4 (D)] Alaska Industrial Development and Export Authority;
5 (D) [(E)] Alaska Commercial Fisheries Entry Commission;
6 (E) [(F)] Alaska Commission on Postsecondary Education;
7 (F) Alaska Mental Health Trust Corporation;

8 * Sec. 7. AS 39.50.200(b) is amended by adding a new paragraph to read:

9 (52) Board of Trustees of the Alaska Mental Health Trust Corporation
10 (AS 37.14.033).

11 * Sec. 8. RECOGNITION OF THE TAKING OF MENTAL HEALTH TRUST LAND. The
12 redesignation by the State of Alaska of land and of interests in land granted to the state under the Alaska
13 Mental Health Enabling Act of 1956, P.L. 84-830, 70 Stat. 709, from trust land to general grant land
14 made by ch. 181, SLA 1978, and ch. 182, SLA 1978, is recognized as a de facto taking of trust land
15 through a valid exercise of the state's sovereign power of eminent domain. Nothing in this section shall
16 be construed as relieving the state from the obligation of paying just compensation for that taking.

17 * Sec. 9. JURISDICTION TO ESTABLISH VALUE ASSIGNED TO ALASKA SUPREME COURT.

18 (a) Notwithstanding any other provision of law, the Alaska Supreme Court has original jurisdiction to
19 hear and establish the value of the land and interests in land taken by the state from the corpus of the
20 original Alaska Mental Health Trust. The court may refer the proceedings for the valuation of the land
21 or interest in the land taken to a special master. If appointed, the special master

22 (1) may exercise the powers authorized by Rule 53(b) of the Alaska Rules of Civil
23 Procedure;

24 (2) shall proceed substantially in the manner required by Rule 53(c) and 53(d) of the
25 Alaska Rules of Civil Procedure;

26 (3) must be appointed by the court

27 (A) from the First Judicial District if the land to be valued is in that judicial
28 district;

29 (B) from the Third Judicial District if the land to be valued is in that judicial
30 district; and

31 (C) from either the Second or Fourth Judicial District if the land to be valued is

1 in those judicial districts;

2 (4) is entitled to the compensation payable to a special master under Rule 53(a) of the
3 Alaska Rules of Civil Procedure; and

4 (5) shall make a recommended decision to the court.

5 (b) An award of compensation for the value of the land or an interest in land taken made by the
6 court under this section must include an award of

7 (1) simple annual interest from the date of taking, and

8 (2) reasonable, demonstrated costs and fees incurred by the Alaska Mental Health Trust
9 Corporation in presenting its valuation arguments.

10 * Sec. 10. AS 37.14.011(c) is repealed.

11 * Sec. 11. AS 38.05.800; secs. 1, 2, 4, and 5, ch. 132, SLA 1986; and secs. 1 and 7 - 10, ch. 48, SLA
12 1987, are repealed.

13 * Sec. 12. TERMS OF OFFICE OF INITIAL BOARD OF TRUSTEES. Notwithstanding
14 AS 39.05.055(1), the governor shall appoint one member initially appointed to the Board of Trustees of
15 the Alaska Mental Health Trust Corporation to a two-year term, one member to a four-year term, and
16 one member to a six-year term.

17 * Sec. 13. The provisions of this Act are not severable.

18 * Sec. 14. Section 10 of this Act takes effect July 1, 1991.

19 * Sec. 15. Except for sec. 10 of this Act, this Act takes effect immediately under AS 01.10.070(c).