

COMMITTEE REPORT

3/27/75

HOUSE

Mr. Speaker:

Date May 4 1975

The Committee on FINANCE has had HR 203

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

() recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

() "and" recommends it BE REFERRED TO THE _____

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other" Refer to Committee

Members signing the Majority report:

| | | |
|--------------------|--------------------|-------|
| <u>[Signature]</u> | <u>[Signature]</u> | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

Members NOT concurring in the Majority report:

| | | |
|--------------------|-------------|-------------------------------|
| <u>[Signature]</u> | recommends: | <u>No</u> |
| <u>[Signature]</u> | recommends: | <u>No</u> |
| <u>[Signature]</u> | recommends: | <u>Do not pass</u> |
| <u>[Signature]</u> | recommends: | <u>Do not pass</u> |
| <u>[Signature]</u> | recommends: | <u>DO PASS WITH AMENDMENT</u> |
| <u>[Signature]</u> | | <u>[Signature]</u> Chairman |

Introduced: 3/5/75
Referred: Resources and
Finance

1 IN THE HOUSE

BY SPECKING AND MILLER

2 HOUSE BILL NO. 260

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to Forest Service preference rights."

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

8 * Section 1. AS 38.05.068 is amended to read:

9 Sec. 38.05.068. FOREST SERVICE PERMITTEES' SALES PREFERENCE. (a)

10 Before offering to the public any land which is subject to a valid
11 existing United States Forest Service permit in effect in a state-
12 selected area at the time the area was patented to the state, or which
13 is subject to a lease issued under sec. 87 of this chapter, the director
14 shall offer the land for sale to the permittee or his successor in title,
15 if he can be found, at not less than its fair appraised market value at
16 the time of the offer or at the time of the original entry, whichever is
17 less, before offering to the general public. *In addition, the permittee*
18 *shall assume any survey costs.*

19 (b) When not in conflict with this section, other provisions of
20 secs. 45 - 67 of this chapter apply to sales under this section.

21 * Sec. 2. AS 38.05.087 is amended to read:

22 Sec. 38.05.087. FOREST SERVICE PERMITTEES' LEASING PREFERENCE. (a)

23 Before offering to the public any land for lease which is subject to a
24 valid existing United States Forest Service permit in effect in a state-
25 selected area at the time the area was patented to the state, the
26 director shall offer the land for leasing to the permittee at not less
27 than its fair appraised market value at the time of the offer or at the
28 time of the original entry, whichever is less, before offering it to the
29 general public. *In addition, the permittee shall assume any survey*

cost 5.
(b) When not in conflict with this section, other provisions of

secs. 70 - 105 of this chapter apply to leases under this section.

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The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. HB 260

Title: An Act relating to Forest Service preference rights

Requested by: Specking

Date: 4/9/75

Return Date Requested: Within 5 days

Agency: Natural Resources

Program: Lands

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Land Management

A. EXPENDITURES: (Thousands of dollars)

| OBJECT | FY 75 | FY 76 | FY 77 | FY 78 | FY 79 | FY 80 |
|--------------------------|----------|----------|----------|----------|-------|-------|
| 100 PERSONAL SERVICES | 0 | 0 | 0 | 0 | | |
| 200 TRAVEL | 0 | 0 | 0 | 0 | | |
| 300 CONTRACTUAL | 0 | 0 | 0 | 0 | | |
| 400 COMMODITIES | 0 | 0 | 0 | 0 | | |
| 500 EQUIPMENT | 0 | 0 | 0 | 0 | | |
| 600 LAND & STRUCTURES | 0 | 0 | 0 | 0 | | |
| 700 GRANTS, CLAIMS, ETC. | 0 | 0 | 0 | 0 | | |
| TOTAL | 0 | 0 | 0 | 0 | | |

B. FUNDING: (Thousands of dollars)

| | | | | | | |
|---------------|---|---|---|---|--|--|
| GENERAL FUND | 0 | 0 | 0 | 0 | | |
| FEDERAL FUNDS | 0 | 0 | 0 | 0 | | |
| OTHER | 0 | 0 | 0 | 0 | | |

C. POSITIONS:

| | | | | | | |
|---------------------|-----|-----|-----|-----|--|--|
| PERMANENT/TEMPORARY | 0/0 | 0/0 | 0/0 | 0/0 | | |
| MAN MONTHS (P./T.) | 0/0 | 0/0 | 0/0 | 0/0 | | |

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The proposed change would not increase or diminish expenditures of the Division of Lands. The only process change would be in the instructions to the appraiser as to what date he is to establish a fair market value.

IV. ATTACHMENTS

The financial cost to the state under the proposed change would not equal the expense to make the land available. In 90% or more of the preference rights processed to date the state must survey the tract being offered. (IV is continued on attached sheet.)

V. DATE: 4/9/75

PREPARED BY: Dele P. Tubbs
Deputy Director

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

IV Continuation

The average cost of survey runs from \$1000 to \$2500 per tract, appraisal cost from \$200 to \$300 per tract, and administrative cost from \$75 to \$300 per tract. When selling the tract at today's market price there are many instances in which the state does not recover its cost.

There is a time lag between the state receiving working title to the land and when the purchase contract can be offered to the preference right holder. This can have a spread of from 2 to 5 years. The date of tentative approval cannot be predicted by the state. Therefore, survey funds are not proposed in the budget request ahead of time. This time lag catches the preference right holder into the rising land value spiral. As an alternative to the proposed amendment and still offering relief, the market value of the tract could be pegged to the date the state receives tentative approval. This would freeze the land value until all of the necessary sale preparation work, which is contingent on budget appropriations, can be accomplished.