

HB

429

1506 Denali Way  
Fairbanks, AK 99701  
April 10, 1977

Representative Charlie Parr  
Alaska State House  
Pouch V, State Capitol  
Juneau, AK 99811

Dear Representative Parr:

Re HB 429 An Act relating to disposal of school lands.

The State Board of Education is opposed to this bill.

This bill removes the Board as trustee of the school trust lands and also eliminates the requirement of Board approval of all transactions affecting the school trust lands.

Until such time that another management arrangement is established to serve as a check and balance in the transactions affecting state lands and particularly the school trust lands, the State Board of Education feels that the best interests of the people of Alaska will not be served by returning the management of these lands to the same status that existed until just recently.

Surely we should learn from the Penny lease, the Teamster lease, and from the admissions of the Division of Lands personnel.

Sincerely,

*Darwin*

Darwin Heine

*Your thoughtfulness in sending  
a copy of the bill is very  
much appreciated.*

*Dar*

April 10, 1977

Re News-Miner report April 9, 1977 of passage of CSSB159 similar to HB387 - -  
An Act relating to the leasing of state land.

THE STATE BOARD OF EDUCATION OPPOSES THESE BILLS.

No private owner of property would lease or rent land under the restrictions imposed by this bill.

Holding the rental amount at a fixed level for 25 years is unrealistic, ignores inflation, subverts the intent of the trust lands as revenue producers, and puts us right back into the "teamster lease" situation.

Example: A residential lot on school trust land is worth \$3000. Under terms of the bill passed by the Senate, the annual rent for the 1st 25 years cannot exceed \$300. (At this time the Board would be leasing at 8% - or \$240 annual rent).

By the year 2002 (25 years) the lot will be worth at least \$7500.\*\* The bill limits the rental increase to an amount equal to 10% of the newly appraised value, or a 50% increase over the prior rent, whichever is lower. The maximum rate for the next ten years would then be \$450, not \$750. (If leased at 8% the new rate would be \$320 per year).

Thus, while the dollar has depreciated over the 25 years, the state takes a double beating because it is forced to also reduce the rate from 10% to 6% (or 8% to 4¼%).

This is not equitable and not fair to the people of Alaska. The land belongs to all the people - at least the trust lands do. Why should a few enjoy such favored treatment?

Mandating by statute unrealistically low rents and not giving some flexibility to those managing the lands will result in the same abuses and problems that currently exist.

The State Board of Education reaffirms its position that legislation affecting the trust lands be deferred until the second session of the tenth legislature. This will give time for those representing the various trust lands to review current statutes and regulations and make recommendations that will correct the inequities that exist.

\*\* Attached information may help in justifying the \$7500 estimate.

Darwin Heine, member  
State Board of Education  
Chairman, Subcommittee on Lands

Agricultural land in the 48 states (excluding Alaska and Hawaii).

5 years 1971 - 76 increased in value an average of 112%

Low - 44% in California

High- 207% in Iowa

1 year 1975 - 76 increased in value an average of 17%.

National Consumer Price Index with 1965 as the base = 100

1970 - - - - - 124.8

1973 - - - - - 145.1

1975 - - - - - 174.2

1976 - - - - - 182.6

1976 was 37.5 greater than 1973.

Anchorage Consumer Price Index

1973 - - - - - 123.8

1976 - - - - - 169.4

1976 shows 45.6% increase in 3 years.

In 1947 the University of Alaska sold land along Chena Pump Road for \$5.00 to \$7.50 an acre. Now, 30 years later, what is it worth?

March 1977 - 3 1/2 acres on Farmer's Loop for \$21,000. Poor soil conditions require self-refrigerated steel piling for building.

February 1977 - - Fed. Home Loan Bank average effective conventional mortgage rate for the month 8.98%