

HB

383



Alaska State Legislature
House

HOUSE RESOURCES COMMITTEE

Alvin Osterback, Chairman

Pouch V, State Capitol
Juneau, Alaska 99811
(907) 465-3715

23 March 1977

Ted Smith, Director
Division of Land & Water Management
323 East 4th
Anchorage, Alaska 99501

Dear Mr. Smith,

The House Resources Committee will be reviewing HB 383 relating to State Land Leasing and HB 387 an Act relating to the Leasing of State Land other than for the extraction of Natural Resources; and providing for an effective date on Monday March 28, 1977 at 1:15 p.m. in room 118 of the Capitol Building.

Please supply us with position papers or material you have on these bills by the time of the meeting. If you have any information pertinent to these topics, the Committee would appreciate receiving that, too. If you know of other interested groups, please contact them.

If you have suggested amendments, please supply the staff with copies of that prior to the meeting.

If there are fiscal implications and notes are necessary, please prepare them and submit them to the Committee -- preferably prior to the meeting.

Thank you for your cooperation.

Sincerely,

A handwritten signature in cursive script, appearing to read "Alvin Osterback".

Al Osterback, Chairman
House Resources Committee

cc: Fran Ulmer

AO:ts



Alaska State Legislature
House

HOUSE RESOURCES COMMITTEE

Alvin Osterback, Chairman

Pouch V, State Capitol
Juneau, Alaska 99811
(907) 465-3715

23 March 1977

Guy R. Martin, Commissioner
Department of Natural Resources
Pouch M
Juneau, Alaska 99811

Dear Commissioner,

The House Resources Committee will be reviewing HB 383 relating to State Land Leasing and HB 387 an Act relating to the Leasing of State Land other than for the extraction of Natural Resources; and providing for an effective date on Monday March 28, 1977 at 1:15 p.m. in room 118 of the Capitol Building.

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Thank you for your cooperation.

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Al Osterback, Chairman
House Resources Committee

cc: Fran Ulmer

AO:ts

STATE OF ALASKA

WILLIAM A. EGAN, Governor

DEPARTMENT OF EDUCATION

BOARD OF EDUCATION

POUCH F — ALASKA OFFICE BUILDING
JUNEAU 99801

April 8, 1977

Honorable Alvin Osterback, Chairman
House Resources Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Chairman Osterback:

HB 383, relating to state land, was introduced at the request of the Governor on March 22 and is, we hope, among those bills that he indicated he would not press for passage this year.

In HB 383 we see areas of public concern that require review, record search and fuller public discussion. We do not oppose the bill at this time, but we recommend that action not be taken on it this year.

We believe HB 383 has certain drafting deficiencies and uncertainties, and we would hope these might be addressed between sessions. To mention one substantive point of concern, we think it too early to charge management costs against trust land income. We believe that the history of those lands and their management and proceeds should first be traced before the Legislature makes such a determination. Whatever such search reveals, we believe it inappropriate that some government agencies enjoy free use of trust lands while (under HB 383) such remaining trust lands as do yield income are charged for management costs. We believe this an unwitting subversion of such lands' intended purpose; namely, to create income for stated public programs. At very least, free use should be weighed against charging management costs to some trust lands.

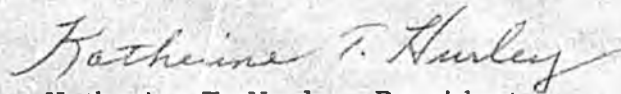
Now that HB 383 has been introduced, we hope to make necessary analyses and to put them before this Legislature's second session.

We note that HB 387, introduced a day later, touches on at least one of the same

April 8, 1977

subjects addressed by HB 383. Because of that, and because HB 387 is not in a form that permits ready comparison of the existing statutes with the proposed bill's new language, we suggest that legislative action on HB 387 also be deferred.

Sincerely,



Katherine T. Hurley, President
State Board of Education

cc: Jay S. Hammond, Governor
State of Alaska

John Sackett, Chairman
Senate Finance Committee

Steve Cowper, Chairman
House Finance Committee

Kay Polard, Chairman
Senate Resources Committee

Hugh Malone, Speaker
House of Representatives

John L. Rader, President
Alaska State Senate

Theodore G. Smith, Director
Division of Land & Water Resources
Department of Natural Resources

Members, State Board of Education

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF LANDS

323 E. 4TH AVENUE - ANCHORAGE 99501

April 7, 1977

Representative Alvin Osterback
House Resources Committee
Pouch V
Juneau, Alaska 99811

Dear Representative Osterback:

Thank you for giving the members of the Governor's Ad Hoc Advisory Committee on State Land Practices and Procedures the time to testify before the House Resources Committee recently. There are several points that may not have been mentioned in detail that we wish to follow up on:

1) Sec. 38.05.108 in H.B. 383. The Committee wants to delete the word "at" at Line 11 so that it will be the Board of Land Appeals. In paragraph (c), the same section, Lines 2-4, page 6, we want to make a change to have the Land Appeals Board function in the place of the Commissioner in hearing appeals, with further appeal to the Superior Court.

2) It is the intention of the Committee that H.B. 383 contain language assuring that future leases will be at the rate set at inception by the Director of the Division of Lands throughout the life of the lease. Such language would probably fit best in Section 8 on page 3. Thus, only the fee value would change at the periodic reappraisals.

3) The lessees focussed considerable discussion on the provision for a 100% ceiling on increases at reappraisal. The Committee selected this ceiling based on experience in recent years in the Anchorage and Matanuska-Susitna markets where most of the leased land is. It should be kept in mind that this is a ceiling and that the actual rental value would be determined by appraisal. We would strongly oppose the lessees' contention that they are entitled to a leasehold interest in land leased by the State, such an interest resulting when the rental value is below market. When the State leases a piece of ground, it should only be providing a place from which to make a profit from development, not an opportunity for speculation.

4) Section 9, page 4, line 29. After the effective date of this Act should be changed to before the effective date of conversion. The effect of this would be to tie the rental value at conversion to a new lease to the date of conversion rather than to a date which might have no relation to the date of conversion.

AGO 935767 +


April 6, 1977

The Committee has also requested staff to prepare legislation requiring the State to record contracts of land sale, leases and modifications in lease or sale documents in the recording district where the land is located. This will make it easier for persons away from Anchorage to check on the status of State lands and make erroneous sales and leases less likely.

The Committee has also recommended that the Division of Lands establish as a matter of policy that where feasible appraisals be done by independent fee appraisers. We feel this would make the Division's operations more efficient and also lead to greater confidence in the appraisals.

Again, thank you for giving us time before the Resources Committee. Please call on us if you think we can be of assistance.

Best regards,



Hugh Gellert

Co-chairman
Governor's Ad Hoc Advisory Committee on
State Land Practices and Procedures

Amendment →

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K - STATE CAPITOL
JUNEAU 99811

March 24, 1977

The Honorable Al Osterback
Chairman
House Resources Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Re: HB 383 (state land)
Our file no. J-77-136-77

Dear Representative Osterback:

We just noticed that the bill heading for HB 383, which was introduced March 22 and referred to your committee, mentions an effective date, but the bill does not contain a special effective-date clause. For this bill, the constitutional 90-day effective date would suffice, and page 1, lines 6 and 7 should be amended by deleting "and providing for an effective date."

Thank you.

Yours truly,

AVRUM M. GROSS
ATTORNEY GENERAL

By: *Arthur H. Peterson*
Arthur H. Peterson
Assistant Attorney General

AHP:md

cc: Jack Roderick
Acting Commissioner
Department of Natural Resources

Mike Smith
Ass't. Comm'r./Director
Division of Lands
Department of Natural Resources

6239
277

AGO 935769 +

The Honorable Al Osterback
House Resources Committee

March 24, 1977
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cc (continued):

Ted Smith, Director
Division of Land & Water Mgt.
Department of Natural Resources

Pete Froehlich
Assistant Attorney General

Frances Ulmer
Legislative Assistant
Governor's Office

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

JAY S. HAMMOND, GOVERNOR

DIVISION OF LANDS

323 E. 4TH AVENUE - ANCHORAGE 99501

April 7, 1977

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House Resources Committee
Pouch V
Juneau, Alaska 99811

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AGO 935771 +

April 6, 1977

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Best regards,



Hugh Gellert

Co-chairman

Governor's Ad Hoc Advisory Committee on
State Land Practices and Procedures

HB 383

SB 159

The Honorable Rep. Alvin Osterback
Alaska State Legislature
Pouch V
Juneau, Alaska 99801
MAIL STOP 3100

Dear Rep. Osterback:

We, as State land leaseholders, are about to be faced with huge increases in the rental rates of our leased property (Lot 5, Block 1, Kasilof Pioneer Subdivision, With two homes on it). These new rates, if imposed, will force a severe hardship on us financially and may even force us to give up our lease.

Such rates substantially reduce the value of our improvements which we have worked long and hard at and spent substantial money on. We feel the present policies of the Division of Lands are not in our best interest, nor in the best interest of the State of Alaska.

We therefore urge you to support legislation currently on the floor which would:

1. Set a 25 year period of fixed rental, giving us time to finance and pay for our improvements.
2. Establish a six percent rate and a fifty percent ceiling on rent increases so we can compute what we will pay in rent over the 55 year period. Due to the present policies, it is almost impossible to finance improvements on our lease.
3. Provide for independent appraisal of our lease. Appraisal by our landlord, as is now done, is an obvious conflict of interest.
4. Provide a grandfather clause whereby we, as existing leaseholders, can take advantage of a new lease.

Passage of a law with the above provisions is critical if we are to be able to continue leasing our land.

Thank you for your help.

Very truly yours,

Mr & Mrs L. B. Watts

Mr. and Mrs. L. B. Watts