

HB

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CS

out
5/2/77

COMMITTEE REPORT

HOUSE

File

July 2 1977 Date

Mr. Speaker:

The Committee on RESOURCES has had HB 477 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 HB 477 and that CS for HB 477 do pass
- (and) recommends it be referred to the _____ committee
- reports it back without recommendation
- AND attaches a report of its intent
- (other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

_____ recommends: _____

_____ recommends: _____

_____ recommends: _____

[Handwritten signature]

Chairman



Alaska State Legislature
House

HOUSE RESOURCES COMMITTEE

Alvin Osterback, Chairman

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

26 April 1977

Bob LeResche, Commissioner
Department of Natural Resources
Pouch M
Juneau, Alaska 99811

ATTENTION: Pat Conheady

Dear Commissioner,

The House Resources Committee will be reviewing HB 477
An Act relating to the sale of state land on Thursday
28 April 1977 at 1:15 p.m. in room 118 of the Capitol
Building.

Please supply us with a position paper or material you
have on this bill by the time of the meeting. If you have
any information pertinent to this topic, 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 is a fiscal implication and a note is necessary,
please prepare it and submit it to the committee --
preferably prior to the meeting.

Thank you for your cooperation.

Sincerely,

Al Osterback

Al Osterback, Chairman
House Resources Committee

AO:ts

STATE OF ALASKA

JAY S. HAMMOND
GOVERNOR

DEPARTMENT OF EDUCATION

OFFICE OF THE COMMISSIONER

POUCH F-ALASKA OFFICE BUILDING
JUNEAU 99811

April 22, 1977

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

Dear Representative Osterback:

During the last regularly scheduled meeting of the State Board of Education on March 24 & 25, 1977, the following resolution was passed:


WHEREAS, the State Board of Education was only last year given authority to participate in a meaningful way in the administration of school trust lands, and

WHEREAS, the Board is of the belief that all categories of state trust lands are in need of comprehensive policy review and is moving in that direction in cooperation with the Division of Lands and others, and

WHEREAS, various bills concerning state lands have been introduced in the present legislature,

BE IT RESOLVED, that the State Board of Education requests the legislature to withhold action on these bills until the Second Session of the Legislature in order to provide time for a sufficient analysis and more public discussion.

Sincerely,



Marshall L. Lind
Commissioner

MLL:inv

cc: House Resources Committee Members



Alaska State Legislature
House

HOUSE RESOURCES COMMITTEE

Alvin Osterback, Chairman

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

18 April 1977

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

Dear Mr. Smith,

The House Resources Committee will be reviewing HB 359 Homestead Grants to Alaskan Citizens on Thursday April 21, 1977 at 1:15 p.m. in room 118 of the Capitol Building. Also HB 477 Sale of State Land will be reviewed by the Committee. HB 477 has not been scheduled. We will inform you of the date, time and location.

Please supply us with position papers or material you have on these bills by the time of the meetings. 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 any suggested amendments, please supply the staff with copies of that prior to the meetings.

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

Thank you for your cooperation.

Sincerely,

A handwritten signature in cursive script that reads "Alvin Osterback".

Al Osterback, Chairman
House Resources Committee

cc: Pat Conheady

AO:ts

Introduced: 4/15/77
Referred: Resources

BY HAYES, AKERS, BENNETT, CARPENTER,
DANKWORTH, ELIASON, FREEMAN,
GRUENING, KELLY, LETHIN, MCKINNON,
MALONE, MILES, PHILLIPS, RHODE,
SCHAEFFER AND SWANSON

1 IN THE HOUSE

2 HOUSE BILL NO. 477

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the sale of state land; and pro-
7 viding for an effective date."

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

9 * Section 1. AS 38.05.035(a)(9)(A) and (B) are amended to read:

10 (A) the name of the person nominating or applying for
11 the sale, lease, or other disposal of lands by lottery or competi-
12 tive bidding;

13 (B) before the announced time of opening, the names of
14 the proposed purchasers or bidders and the amounts of the bids;

15 * Sec. [2] AS 38.05.035(b) [X] and (4) [are] ¹⁵ amended to read:

16 [(2) grant preference rights for the lease or purchase of
17 state land without competitive bid or lottery in order to correct the
18 past or future errors or omissions of a state or federal administrative
19 agency when inequitable detriment would otherwise result to a diligent
20 claimant or applicant due to situations over which the claimant or
21 applicant had no control; the exercise of this discretionary power
22 operates only to divest the state of its title to or interests in land
23 and may be exercised only with the express approval of the commissioner;

WOULD USE THE
METHOD FOR PREFERENCE
RIGHTS

24 (4) dispose of lands by lottery [or competitive bid] for less
25 than their appraised value when, in his judgment, past scarcity of land
26 in any particular area has resulted in unrealistic land values;

27 * Sec. [3] AS 38.05.055 is amended to read:

28 Sec. 38.05.055. SALE PROCEDURES. (a) Except as provided in sec.
29 315(d) of this chapter and at the discretion of the director, the sale

THIS SECTION
APPLIES TO OIL
LEASES

1 shall be made by lottery or at public auction to the highest qualified
2 bidder as determined by the director. If a lottery is used, the land
3 shall be sold at its fair market value. EXCEPT AS PROVIDED IN AS, 38.05.065(G)(F)
4 an aggrieved potential pur-
5 chaser or bidder may appeal to the commissioner within five days after
6 the sale for a review of the director's determination. The sale shall
7 be conducted by the director or his representative, and at the time of
8 sale the purchaser [SUCCESSFUL BIDDER] shall deposit an amount equal to
9 five per cent [ONE-TENTH] of the purchase price. The director or his
10 representative shall immediately issue a receipt containing a description
11 of the land or property purchased, the price of the land [BID,] and the
12 terms of sale, which receipt shall be acknowledged in writing by the
13 purchaser [BIDDER]. A contract of sale on a form approved by the attor-
14 ney general shall be signed by the purchaser and, after approval of the
15 commissioner, the contract shall also be signed by the director on
16 behalf of the state.

16 (b) To qualify for participation in a sale of land by lottery
17 under (a) of this section, a potential purchaser shall

- 18 (1) at the time of application have attained the age of 18;
- 19 (2) submit proof acceptable to the commissioner that he has
20 been a resident of the state for not less than three years immediately
21 preceding the date his application was submitted;

22 (3) be the only member of his household to apply for the pur-
23 chase of land by lottery.]

THIS PROVISION IS SUPERSEDED DUE TO EXISTING
IN ADL DETERMINING THIS. ALSO PROBABLY NOT
PERTINENT.

* Sec. 4. AS 38.05.065 is amended to read:

25 Sec. 38.05.065. TERMS OF CONTRACT OF SALE. The contract of sale
26 shall require the remainder of the purchase price to be paid over a
27 period of not more than 20 years, to be set for each sale by the direc-
28 tor. Installment payments plus interest must be set on the level-
29 payment basis. The interest rate to be charged on installment payments

1 is the prevailing rate on similar land transactions at the time the
2 contract is signed, as determined by the director, but in no case may it
3 be below five per cent per year or above the current usury rate as set
4 by AS 45.45.010(b) and (d) [IN ANNUAL INSTALLMENTS OF NOT LESS THAN 10
5 PER CENT OF THE PURCHASE PRICE, WITH INTEREST AT THE RATE OF NOT LESS
6 THAN FIVE PER CENT A YEAR]. The director, with the consent of the
7 commissioner, may also impose conditions, limitations and terms which he
8 considers necessary and proper to protect the interest of the state.
9 Violations of any provision of this chapter or the terms of the contract
10 of sale subject the purchaser to appropriate administrative and legal
11 action, including but not limited to specific performance, foreclosure,
12 ejectment, or other legal remedies in accordance with applicable state
13 law [LEGAL ACTION, INCLUDING A FORECLOSURE ACTION IN ACCORDANCE WITH
14 APPLICABLE STATE LAW].

15 * Sec. 5. This Act takes effect immediately in accordance with AS 01.10.-
16 070(c).

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19
20 ADL (DON HANSON) POSITION IS THAT THE
21 5% ~~AND~~ INSTEAD OF 10% TERMS FOR DOWN
22 PAYMENT, ETC SHOULD PROBABLY BE ADDRESSED
23 IN HB 383 AND 159 — I DON'T AGREE
24 SINCE THEY MAY NEVER REACH GOVERNOR'S
25 DESK IN THAT FORM.
26
27
28
29

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF LANDS

323 E. 4TH AVENUE - ANCHORAGE 99501

April 28, 1977

Representative Al Osterback, Chairman
House Resources Committee
Pouch V
Juneau, Alaska 99811

Dear Mr. Chairman:

I am pleased to be able to support the concept embodied in H.B. 477. The auction process of land sales is in many cases a significant contributor to inflated land prices. I do not advocate free land since in my view this is a benefit to a few at the expense of all the people of the state, but neither do I think the state's best interests are always served by accepting more than the appraised market value of land. The lottery system proposed by H.B. 477 would provide a needed alternative to public auction. We do have a number of amendments to the bill which I believe will preserve the concept while improving the effectiveness of the bill.

1. There is no logical reason to keep confidential the name of anyone proposing a disposal by lottery or a purchaser by lottery, therefore:

Page 1, Lines 9-14: Delete all material.

2. A preference right is an individual adjudication, a procedure to correct an administrative error in a specific case. There is no opportunity for multiple entitlements nor a lottery to determine the successful applicant, therefore:

Page 1, Line 15: Delete "(2) and"; Change "are" to "is."

3. The provision for competitive bid erases any opportunity for relief from artificially high prices otherwise provided by A.S. 38.05.035 (b) (4). In the one case where such a reduction was made, the bidding process pushed prices well above the original appraisal, therefore:

Page 1, Line 24: Delete "or competitive bid."

4. The provision for such reduction should be available where appropriate, therefore:

Page 2, Line 3: Following "value" add "except as provided in A.S. 38.05.035 (b) (4)."

- 5. The provision for a 20 year sale period is addressed in other legislation, specifically H.B. 383 and H.C.S.C.S.S.B. 159. In order to avoid confusion with these bills and keep the focus of H.B. 477 specifically on the lottery issue:

~~Page 2, Line 8: Delete proposed new language.~~
 Page 2, Lines 22-23: Delete all material. → 22-23
 Page 3, Lines 1-14: Delete all material.

- 6. There would be a substantial number of problems with defining "household" and with policing the provision in A.S. 38.05.055 (b) (3). Since the disposal would be at fair market value, there seems no good reason to impose the restriction and incur those problems. I recommend:

Page 2, Lines 22 & 23: Delete all material.

Please contact me if I can be of further assistance.

Yours truly,



Theodore G. Smith, Director
 Land and Water Management

5282 COLTON LINE
 2501 HAWKINS CUNY
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