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TABLE 4  
FARM USE LAND ASSESSMENT

FY 82 PROGRAM SUMMARY BREAKDOWN MUNICIPALITY	NUMBER OF APPLICANTS	NUMBER OF ACRES	FULL AND TRUE LAND VALUE	TOTAL DEFERRED VALUE	TOTAL DEFERRED TAX
ANCHORAGE, MUNICIPALITY OF	5	124.31	\$ 2,607,800	\$ 1,802,088	\$ 13,364.58
FAIRBANKS NORTH STAR BOROUGH	17	2,839.48	2,965,125	2,517,950	\$ 14,144.82
HAINES BOROUGH	1	14.09	54,250	40,650	\$ 234.72
KENAI PENINSULA BOROUGH	18	3,790.24	5,415,250	3,239,350	\$ 13,072.78
KODIAK ISLAND BOROUGH	2	324.44	107,079	85,662	\$ 471.13
MATANUSKA-SUSITNA BOROUGH	<u>72</u>	<u>12,104.43</u>	<u>18,503,840</u>	<u>12,909,740</u>	<u>\$100,961.28</u>
STATEWIDE TOTAL	115	19,196.99	\$29,653,344	\$20,595,440	\$142,249.31
AVERAGE PER APPLICANT	1	167.0	\$ 257,855	\$ 170,091	\$ 1,236.95
AVERAGE PER ACRE			\$ 1,544	\$ 1,073	\$ 7.41
SEVEN-YEAR SUMMARY OF PROGRAM PERFORMANCE					
FISCAL YEAR 1976	91	18,759	9,279,400	6,140,300	77,805
FISCAL YEAR 1977	84	15,970	13,783,182	11,552,062	99,170
FISCAL YEAR 1978	86	15,467	13,807,490	11,373,877	118,616
FISCAL YEAR 1979	87	13,562	17,283,615	15,328,994	140,092
FISCAL YEAR 1980	108	16,412	19,705,705	18,338,680	145,129
FISCAL YEAR 1981	116	17,666	22,997,524	20,348,079	178,714
FISCAL YEAR 1982	115	19,197	29,653,344	20,595,440	142,249

Source: Alaska Taxable, Department of Community and Regional Affairs

leaving  
Wed Feb 23  
Fri - FEB 10 1983  
Statewide tele  
3:15

Star Route  
Hacienda, Alaska 99651  
February 14, 1983

Mr. Lawrence Tachew  
House of Representatives  
Juneau, Alaska 99801

Dear Mr. Tachew,

We back your agricultural bill to buy up farm land threatened by developers. It is a most timely bill.

We also feel that the Agricultural Security Loan Fund should be kept under the Division of Agriculture.

Sincerely yours,

Marvitt and Donald Olson

HB 148  
C+RA+20



FEB 9 1983

# Alaska Environmental Lobby, Inc.

419 6th Street, Suite 328

Juneau, Alaska 99801

907-586-2345

*Good  
Answer w/ Bill  
& file*

February 7, 1983

Honorable Barbara Lacher  
State Capitol  
Pouch V  
Juneau, Alaska 99811

Dear Representative Lacher,

On behalf of the Alaska Environmental Lobby we would like to express our support for your recent introduction of HB-148, "An Act relating to the preservation of agricultural land; and providing for an effective date."

As you know the loss of farmland to urbanization represents a major environmental concern throughout the United States. Your bill seems to provide a creative and workable solution to the continuing loss of high quality agricultural areas in Alaska.

We will be contacting you in person sometime in the near future to discuss some aspects of HB-148 and how we might assist you in securing passage of some form of this legislation.

For your information the Alaska Environmental Lobby represents 13 environmental organizations with a combined membership of several thousand members. Throughout the session we will be following issues of concern to the Alaska Environmental community.

If you have any questions about the environmental aspects of this or other legislative issues, feel free to contact us at our Juneau office.

Sincerely,

*Jeff Bohman*

Jeff Bohman  
Volunteer

*Jay W. Nelson*

Jay Nelson  
Executive Director

STATE OF ALASKA  
THE LEGISLATURE  
LEGISLATIVE AFFAIRS AGENCY

*file  
w/ bill*

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

MEMORANDUM

April 12, 1983

SUBJECT: Preservation of agricultural land  
(CSHB 148 (C&RA))

TO: Representative Barbara Lacher

FROM: Richard A. Bradley *B*  
Legislative Counsel

You have requested a sectional analysis of the above described bill. You have also asked that I comment on a particular set of circumstances.

As a preliminary matter, I must advise you that a sectional analysis or summary of a bill should not be considered an authoritative interpretation of the bill; the bill itself is the best statement of its contents. For a full explanation of any point, please consult the bill itself.

I. Sectional Analysis.

Sec. 1 of the bill establishes a new chapter at AS 03.07 relating to "preservation of agricultural land.

Sec. 10(a) provides that the director [of agriculture] may acquire an "agricultural preservation easement" in certain privately owned agricultural land.

Sec. 10(b) requires the privately owned agricultural land to meet the requirements of AS 03.07.020. It also requires the state land to be exchanged to be classified for a purpose consistent with the exchange.

Sec. 10(c) requires the land offered to have the same monetary value as the land to be exchanged; an exchange with the transfer of money to equal the difference in value is permitted.

Sec. 10(d) provides that the director may not acquire an easement or exchange state land "except to preserve the agricultural use of the land."

Sec. 10(e) establishes public notice requirements for the acquisition of an easement or exchange. It also provides that the basic documents involved in the acquisition of the easement or the exchange remain public documents.

Sec. 10(f) provides that the operation of the chapter is "voluntary." A parcel may be considered for exchange only on the application of the owner of the land. And after the exchange or acquisition, the owner may not be required to carry out affirmative "agricultural activities" so long as the land is not subdivided or used for "residential, commercial, or industrial purposes or activities which are not related to agricultural uses."

Sec. 10(g) provides that the director may not use funds appropriated from the general fund of the state for the purpose of implementing AS 03.07 unless the appropriation is "specifically stated to be for that purpose." Funds from other sources may be used.

Sec. 20 describes the land eligible for agricultural preservation. It must be privately owned. The soil under no less than 40 percent of the surface of the parcel must meet stated standards established by the U. S. Soil Conservation Service. It is also required to be either (1) a parcel not less than 40 acres in cultivation or farm use; or (2) a parcel not less than 20 acres in cultivation or farm use which is adjacent to an established farm or farms totalling no less than 40 acres that has been in operation as a farm for no less than 10 years.

Sec. 30 establishes priority districts for the situation where the director does not have adequate funds to purchase easements in all offered land. Five levels of priority are established.

Sec. 40 establishes criteria for the selection of land within a single priority district. Five levels of criteria are offered.

Sec. 50 relates to agricultural land within a municipality. It requires the director to consider "any comprehensive plan or ordinances of the municipality on municipal farmland

April 12, 1983

preservation priorities adopted by the municipality" before making an allocation of "easement money" to a farmland preservation priority district within the municipality. Before making the allocation, the director shall also consider recommendations from the municipality regarding priorities.

Sec. 60(a) relates to the acquisition of the easement or the exchange. Sec. 60(a) requires that an offer from a private land owner for participation under this chapter be in writing.

Sec. 60(b) requires the owner to specify the price at which the owner will agree to the sale. Also required is a complete description of land and an appraisal in support of the price.

Sec. 60(c) requires the director to respond within 30 days on the "sufficiency of the offer." This apparently relates to the extent to which an offerer has fully complied with the specific requirements of sec. 60(b). If insufficient, the director must specify the area of the insufficiency and give 30 days for compliance. If the compliance is made within the 30 days after notification by the director, the land is determined to qualify as land that meets the requirements of AS 03.07.020." Note an unstated requirement: that the land also meets acreage requirements.

Sec. 60(d) requires notification to a municipality of the determination made under (c). The municipality may request reconsideration. If reconsideration is requested, the director shall hold a public hearing in the municipality before an offer to sell or exchange is given to the owner. The municipality may appeal an adverse decision to the commissioner.

Sec. 70 provides that the director may accept the offer to buy or exchange land or make a counter-offer. The section appears to contain some awkward language; it provides that "The director may accept the offer . . . or may make a counter offer . . . within 90 days after approval of the landowner's offer to sell or exchange an agricultural preservation easement." I suspect that the emphasized phrase should rather read: "a determination of eligibility for exchange or sale of an easement under AS 03.07.060." Another unstated requirement is likely to be that the priority districts have been established; an eager owner may

move too fast for the time threshold established in the bill.

The section gives an owner of land 30 days for a response to the offer or counter offer of the director.

Sec. 80(a) provides that the maximum valuation of an easement acquired under this chapter is either (1) the asking price or (2) the difference between the fair market value of the land and the agricultural value of the land, -- whichever is less.

Sec. 80(b) requires the director to use appraisals by qualified appraisers, a defined term.

Sec. 90(a) outlines uses of the land under an agricultural preservation easement. Five broad uses are permitted.

Sec. 90(b) provides that the establishment of an agricultural preservation easement does not grant a member of the public access to the property or affect existing easements, rights-of-way, or rights of access that did not exist before. And "residential subdivision and the removal from the land of minerals or materials [which usually means gravel] for commercial purposes are not permitted."

Sec. 100 establishes definitions. While they are somewhat technical, they do not require review in this analysis. Among the terms defined are "agricultural operations", "agricultural preservation easement", "agricultural use", "agricultural value", "development rights", "fair market value", "qualified appraiser", and "residential subdivision". As suggested at the beginning of this memorandum, "director" means the director of agriculture in the Department of Natural Resources.

Sec. 2 amends AS 29.53.035(a); the amendment specifically provides that

The owner of farm land subject to this subsection who grants an agricultural preservation easement under AS 03.07 may not be required to reimburse the state under this subsection for revenue loss.

The section amended generally permits land not subject to an agricultural preservation easement to receive tax protection so long as it is used for farm purposes. The section

April 12, 1983

requires a certain reimbursement to the state for its payments of municipal taxes if it is subdivided.

Sec. 3 amends AS 29.53 to provide that land receiving protection under AS 03.07 shall be assessed on the basis of value as farm land.

Sec. 4 conforms AS 38.05.345 to the amendments to the amendments made in this section; sec. 345 relates to notice to the public on the disposition of state land.

Sec. 5 requires a report by the commissioner of natural resources on six aspects of the implementation of AS 03.07.

---

# Alaska State Legislature

REPRESENTATIVE  
BARBARA LACHER  
P.O. BOX 478  
PALMER, ALASKA 99645  
(907) 376-4215



WHILE IN JUNEAU  
POUCH V  
JUNEAU, ALASKA 99811  
(907) 465-4894

## House of Representatives

### M E M O R A N D U M

TO: HOUSE RESOURCES COMMITTEE

FROM: REPRESENTATIVE LACHER

SUBJECT: HB 148

DATE: April 9, 1983

Several questions were raised in regard to the intent of HB 148 in its first hearing in the House Resources Committee on March 30, 1983. I would like to take this time to address these issues in turn.

Concern was expressed as to the extent to which this bill effects areas of the state other than the Mat-Su valley. In other words, is this a Mat-Su bill? Agricultural lands are endangered throughout the state. Farmer's Loop Road in Fairbanks was mostly farms, and is now predominantly subdivided. A 160 acre dairy farm, also in Fairbanks, is subdivided and partially developed. The Bench area in Homer was originally all farmland, while today there are but a few small farm acres left due to subdivisions. Several farmers from the Bench area testified in the teleconference held on this bill in the C&RA Committee, earlier this session. The rate of subdivision is best documented for the Mat-Su area, where about 1,000 acres per year are being subdivided. The Department of Agriculture has not been keeping records for other regions of the state, but the absence of these records should not be interpreted as an indication that this is only a Mat-Su phenomena.

The \$77,000.00 fiscal note attached to this bill has been questioned for its reasonableness. On this note, Sharon Barton of the DNR testified, in the 3/30/83 hearing, that "...were HB 148 to pass it would not be a Department priority and that the funds provided in the bill would be spent for staff work on other priority projects." It should be pointed out that the legislative intent and direction of this bill is quite clear. The DNR should be reminded of the consequences of intentional failure to comply with legislative direction. The \$77,000 fiscal note, provided by the DNR, is quite reasonable. It is intended to cover the costs of administering the enabling legislation of HB 148. The administration of HB 148 will not require two full time staff positions. Most assessment valuations conducted under this program would be contracted to private assessors or use present state employee assessors.

These expenses would probably not total the \$77,000 provided in the fiscal note. HB 148 is enabling legislation and therefore the fiscal note does not provide funds for the acquisition of any agricultural preservation easements. These funds must be specifically designated and appropriated by the legislature.

HB 148 does not mandate that the DNR, Division of Agriculture purchase all property submitted for purchase by the program; nor does this legislation mandate that the Director or Commissioner purchase at any price. The State's liability in regard to questionable land valuations is guarded on two counts. First, the bill requires the use of an assessor (member of the organizations or a state employed assessor). Secondly there is no obligation stipulated in the bill that the Department purchase all submitted purchase applications.

Some members of this legislative body have raised questions as to the status of agriculture in Alaska and its overall value to the state as a whole. One could equally ask if Alaska is a forestry state, a fishing state, a trapping state, a mining state, a tourism state, and so on. The answer to all of these questions is an obvious yes. Alaska is a diverse state with multiuse lands and many growing and developing industries. The relevant question here is what does and will Alaskan agriculture do for Alaskans. Quite simply, farmland in Homer, Delta, Fairbanks, and Mat-Su is capable of providing employment and food for many thousands of Alaskans at a lower price than the same commodity shipped up from the lower 48.

The Workman, Arobio and Gasbarro report [An Examination of A Development Rights Purchase Program For Alaskan Agricultural Lands; January, 1979, DNR] noted that some small Alaskan farms are currently underproductive due to the impending threat of development. The report argued that these farmers were holding off from necessary investments into more productive equipment, etc., in the anticipation that they will be driven out of business and are therefore keeping their losses at a minimum. The effects of passage of HB 148 on this trend would be an obvious reversal. A second factor which has been a drawback for smaller Alaskan farms has been the absence of a well-developed transportation and marketing infrastructure. As the Workman, Arobio and Gasbarro report indicates, were state support of this industry given to the smaller produce, dairy and potatoe farmers then the inducement to develop this industry and the necessary infrastructure would follow within the private sector.

It is ironic that the state is currently spending millions of dollars to develop new agricultural lands while we're building subdivisions on existing farmlands that happen to be the best in the state. Most of these farms have been productive for years (see attached statistics); but the pressure of high prices offered by developers is causing a loss of these lands at the same historical moment that the state is investing in the clearing and development of new agricultural lands and grain terminals for the storage and export of the anticipated production.

An identical bill has been sponsored on the Senate side by Representative Moss; this is SB 237.

TABLE 1

TOTAL VALUE OF AGRICULTURAL PRODUCTION AND SALES  
(In Thousands of Dollars)  
1959-1977

Year	Value of Production	Sales	Used on Farm	Percent of Production Sold
1959	\$4,978	\$3,443	\$1,535	69
1960	5,517	4,004	1,513	73
1961	5,651	4,426	1,225	78
1962	5,781	4,394	1,387	76
1963	5,451	4,056	1,395	74
1964	5,860	4,453	1,407	76
1965	5,518	4,283	1,235	78
1966	5,560	4,315	1,245	78
1967	5,524	4,023	1,501	73
1968	5,353	4,070	1,283	76
1969	4,574	3,505	1,069	77
1970	5,476	3,975	1,501	73
1971	5,474	3,927	1,547	72
1972	5,997	4,257	1,700	72
1973	6,987	5,142	1,845	74
1974	8,080	5,588	2,492	69
1975	9,226	6,937	2,289	75
1976	8,802	6,882	1,920	78
1977	9,777	6,914	2,863	71

SOURCES: Alaska Crop and Livestock Reporting Service; Alaska Agricultural Statistics, (Palmer: Alaska Crop and Livestock Reporting Service, 1978); Alaska Department of Economic Development, Alaska Statistical Review, (Juneau: Alaska Department of Economic Development, 1972), pp. 181-190.

TABLE 2

ESTIMATED VALUE OF PRODUCT BY AREA  
(In Thousands of Dollars)  
1960-1977

Year	Matanuska Valley		Tanana Valley		Kenai Peninsula		Southeast		Southwest	
	Value	%	Value	%	Value	%	Value	%	Value	%
1960	\$3,663	67	\$ 907	16	\$ 278	5	\$ 264	4	\$ 272	5
1961	3,945	69	842	14	326	5	219	3	319	5
1962	3,939	68	938	16	334	5	217	3	348	6
1963	3,721	68	781	14	383	7	174	3	357	6
1964	4,017	68	872	14	333	5	156	2	458	7
1965	3,406	63	950	17	481	8	134	2	414	7
1966	3,793	69	847	12	453	8	33	1	559	10
1967	3,876	70	673	12	397	7	30	1	548	10
1968	3,021	74	399	10	159	4	8	-	483	12
1969	3,260	71	448	10	305	7	29	1	532	12
1970	4,003	73	634	12	263	5	37	1	541	10
1971	4,102	75	676	12	206	4	22	-	467	9
1972	4,615	77	917	15	219	4	14	-	231	4
1973	5,116	73	1,246	18	274	4	1	-	345	5
1974	6,181	76	1,060	13	405	5	17	-	416	5
1975	6,602	72	1,791	19	506	5	10	-	317	3
1976	6,488	74	1,532	17	407	5	9	-	365	4
1977	7,282	74	1,601	16	597	6	12	-	284	3

SOURCE: Alaska Crop and Livestock Reporting Service, Alaska Agricultural Statistics, (Palmer: Alaska Crop and Livestock Reporting Service, 1978); Alaska Department of Economic Development, Alaska Statistical Review, (Juneau: Alaska Department of Economic Development, 1972). pp. 181-190.

TABLE 1

## AGRICULTURAL COMMODITIES PRODUCED - ALASKA (Selected Years)

Commodity		1960	1965	1970	1975	1979	1980
----- thousand units -----							
<u>CROP PRODUCTION</u>							
OATS							
FOR GRAIN	Bu.	79.8	42.0	22.5	16.8	15.6	26.1
BARLEY							
FOR GRAIN	Bu.	87.4	67.2	46.5	70.0	287.0	339.0
ALL SILAGE	Tons	20.2	21.7	13.6	15.2	12.4	12.4
GRAIN SILAGE	Tons	15.8	17.7	7.4	4.8	4.2	4.7
GRASS SILAGE	Tons	4.4	4.0	6.2	10.4	8.2	7.7
ALL HAY	Tons	10.5	8.8	9.4	21.4	15.8	15.0
GRAIN HAY	Tons	2.5	2.2	1.5	7.1	1.6	2.7
GRASS HAY	Tons	8.0	6.6	7.9	14.3	14.2	12.3
POTATOES	Cwt.	131.4	131.0	106.8	108.7	85.0	77.0
CABBAGE	Cwt.	3.6	3.0	3.5	3.0	4.0	4.1
LETTUCE	Cwt.	6.2	6.5	7.9	9.5	13.6	11.3
CARROTS	Cwt.	7.6	2.9	1.5	2.0	2.4	3.3
OTHER							
VEGETABLES	Cwt.	2.8	2.1	3.0	1.8	3.5	4.6
<u>LIVESTOCK AND POULTRY PRODUCTS</u>							
EGGS	Doz.	529.8	766.7	408.0	417.0	558.0	367.0
POULTRY	Lbs.	55.0	39.0	73.0	167.0	170.0	172.0
BEEF	Lbs.	357.0	824.0	963.0	664.0	748.0	767.0
PORK	Lbs.	151.0	205.0	135.0	150.0	221.0	232.0
MUTTON	Lbs.	12.0	28.0	52.0	30.0	24.0	18.0
WOOL	Lbs.	125.0	209.0	239.0	67.0	32.0	38.0
REINDEER	Lbs.	450.0	637.0	615.0	345.0	NA	NA
----- million units -----							
MILK	Lbs.	20.4	20.7	18.6	16.8	13.0	12.5

Source: Alaska Crop and Livestock Reporting Service 6/81.

TABLE 2

ESTIMATED VALUE OF PRODUCT BY AREA  
(In Thousands of Dollars)  
1960-1977

Year	Matanuska Valley		Tanana Valley		Kenai Peninsula		Southeast		Southwest	
	Value	%	Value	%	Value	%	Value	%	Value	%
1960	\$3,663	67	\$ 907	16	\$ 278	5	\$ 264	4	\$ 272	5
1961	3,945	69	842	14	326	5	219	3	319	5
1962	3,939	68	938	16	334	5	217	3	348	6
1963	3,721	68	781	14	383	7	174	3	357	6
1964	4,017	68	872	14	333	5	156	2	458	7
1965	3,406	63	950	17	481	8	134	2	414	7
1966	3,793	69	847	12	453	8	33	1	559	10
1967	3,876	70	673	12	397	7	30	1	548	10
1968	3,021	74	399	10	159	4	8	-	483	12
1969	3,260	71	448	10	305	7	29	1	532	12
1970	4,003	73	634	12	263	5	37	1	541	10
1971	4,102	75	676	12	206	4	22	-	467	9
1972	4,515	77	917	15	219	4	14	-	231	4
1973	5,116	73	1,246	18	274	4	1	-	345	5
1974	6,181	76	1,060	13	405	5	17	-	416	5
1975	6,602	72	1,791	19	506	5	10	-	317	3
1976	6,488	74	1,532	17	407	5	9	-	365	4
1977	7,282	74	1,601	16	597	6	12	-	284	3

SOURCE: Alaska Crop and Livestock Reporting Service, Alaska Agricultural Statistics, (Palmer: Alaska Crop and Livestock Reporting Service, 1978); Alaska Department of Economic Development, Alaska Statistical Review, (Juneau: Alaska Department of Economic Development, 1972). pp. 181-190.

AGRICULTURAL COMMODITIES PRODUCED: 1960-72

		1960	1965	1970	1972
----- thousand units -----					
CROPS					
<u>OATS</u>					
<u>FOR GRAIN</u>	Cwt.	25.5	13.4	7.2	4.8
<u>BARLEY</u>					
<u>FOR GRAIN</u>	Cwt.	42.0	32.3	22.3	24.9
<u>GRAIN</u>					
<u>SILAGE</u>	Tons	15.8	17.7	7.4	10.7
<u>GRASS</u>					
<u>SILAGE</u>	Tons	4.4	4.0	6.2	8.6
<u>GRAIN HAY</u>	Tons	2.5	2.2	1.5	3.0
<u>GRASS HAY</u>	Tons	8.0	6.6	7.9	11.5
<u>POTATOES</u>	Cwt.	131.4	131.0	106.8	99.0
<u>CABBAGE</u>	Cwt.	3.6	3.0	3.5	3.4
<u>CARROTS</u>	Cwt.	7.6	2.9	1.5	1.8
<u>LETTUCE</u>	Cwt.	6.2	6.5	7.9	6.3
<u>OTHER</u>					
<u>VEGETABLES</u>	Cwt.	2.8	2.1	3.0	2.2
LIVESTOCK AND POULTRY PRODUCTS					
<u>EGGS</u>	Doz.	529.8	766.7	417.0	583.0
<u>POULTRY</u>	Lbs.	55.0	89.0	72.0	76.0
<u>BEEF</u>	Lbs.	357.0	824.0	963.0	691.0
<u>PORK</u>	Lbs.	151.0	205.0	135.0	135.0
<u>MUTTON</u>	Lbs.	12.0	28.0	52.0	30.0
<u>WOOL</u>	Lbs.	125.0	209.0	239.0	145.0
----- million pounds -----					
<u>MILK</u>	Lbs.	20.4	20.7	18.6	17.6

BARLEY - ALASKA 1975-80

District	Year	Area		Area Harvested for Grain			
		Planted Acres	Acres	Yield Bu.	Bu.	Production Cwt.	Value (000)
Tanana Valley	1975	300	250	21.7	5.4	2,600	23.4
	1976	157	175	34.3	6.0	2,900	26.0
	1977	1,350	1,300	47.6	61.9	29,700	240.0
	1978	2,500	2,450	33.9	83.1	39,900	310.0
	1979	4,400	4,080	45.6	186.0	89,300	536.0
	1980	12,500	10,600	29.2	309.6	148,600	904.0
Matanuska Valley	1975	1,200	1,200	52.4	62.9	30,200	255.0
	1976	1,175	1,125	54.2	61.0	29,300	235.0
	1977	1,720	1,300	49.3	64.1	30,800	239.0
	1978	1,710	1,550	43.2	66.9	32,100	260.0
	1979	2,050	1,720	58.7	101.0	48,500	325.0
	1980	1,400	900	32.7	29.4	14,100	113.0
Kenai Peninsula	1975	100	50	33.3	1.7	800	8.6
	1976	50	-	-	-	-	-
	1977	30	-	-	-	-	-
	1978	90	-	-	-	-	-
	1979	50	-	-	-	-	-
	1980	100	-	-	-	-	-
State Total	1975	1,600	1,500	47.0	70.0	33,600	287.0
	1976	1,400	1,300	51.5	67.0	32,200	261.0
	1977	3,100	2,600	48.5	126.0	60,500	479.0
	1978	4,300	4,000	37.5	150.0	72,000	570.0
	1979	6,500	5,800	49.5	287.0	137,800	861.0
	1980	14,000	11,500	29.5	339.0	162,700	1,017.0

# Alaska State Legislature

REPRESENTATIVE  
BARBARA LACHER  
P.O. BOX 478  
PALMER, ALASKA 99645  
(907) 376-4215



WHILE IN JUNEAU  
FOUCH V  
JUNEAU, ALASKA 99811  
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## House of Representatives

TO: All House Resource Committee Members.

FROM: Representative Lacher,  
Chairman of House Community and Regional Affairs.

DATE: March 30, 1983

RE: House Bill 148

The preservation of existing, productive agricultural land has come to be a recognized need in Alaska just as it has long been a recognized need in the lower 48 states. Several states have enacted programs similar to this and, this particular legislation is patterned from one of the most successful; King County, Washington State.

In fact the state is investing millions of dollars every year to open new agricultural lands. It's difficult to imagine, with all the space that we have in Alaska, that we need to be concerned with preserving agricultural lands.

Unfortunately, the land use patterns in many parts of Alaska are results of early settlement and now towns, in the center of the best, most fertile farm lands in the state. Once these lands are developed with shopping centers and subdivisions constructed, they will never revert to farm land.

In the Mat-Su Borough an average of 1000 acres of farm land have been converted to subdivision over each of the past four years. There is more than ample room, and good ground, for construction buildings in the Borough, but limited farm land. The farm land is more desirable to subdividers because it's generally closer to existing towns and it's less expensive to prepare for building because it's already cleared.

Several other places in the state are experiencing the same undesirable losses of good farm land and people from around the state have supported the concept of saving some of these lands during statewide teleconference.

The intent of HB 148 is to permit the Director of Agriculture and the Commissioner of Natural Resources to very selectively purchase the

agricultural rights of only those lands which are of high quality farm value and are being threatened by urban sprawl such as we are now experiencing in some parts of the state. The land remains in private ownership, but can only be used for farming purposes. This selective purchase will have an important side benefit of retaining open spaces around our towns that will preserve the beauty and attractiveness we now enjoy.

Thank you for your favorable consideration of House Bill 148.

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y. STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3600


LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 8, 1983

SUBJECT: Agricultural land amendments  
(CSHB 148(C&RA))

TO: Representative Don Clocksin

FROM: Richard A. Bradley   
Legislative Counsel

You have requested an analysis of the amendments incorporated into the committee substitute for HB 148. If this memorandum is late, as it seems it may be at this time, I regret that.

An analysis of the changes to HB 148 follows:

As you requested, the "Legislative Findings and Declaration of Purpose" have been eliminated.

The first amendment to bill language is in Sec. 03.07.010(b). The last "if" phrase on lines 23 - 24 of page 2 of the bill is turned into subsec. (b)(1) and the concept you suggested becomes (b)(2). Your request was that concepts of (1) prior classification and (2) disposal consistent with the classification be utilized. I believe that the short phrase added as (b)(2) contains these ideas.

But note that the "director" described in the bill is not the director of the division of lands. See sec. 100(7). Rather, the director is the director of agriculture. As a result, the director carrying out these programs is not going to have supervision of the division of lands programs and the access to the state land. I believe it was for this reason that the early part of sec. 10(b) requires the permission of the commissioner for these disposals. Some coordination between divisions is required.

Your second concept dealt with notice. Rather than developing new concepts of notice, I plugged your request into existing law at AS 38.05.345, with some embellishments. In that connection, see also bill sec. 2.

Since you wished sec. 10(e) to be eliminated for other reasons, I have put the notice requirements in at sec. 10(e).

Your third request, an amendment to AS 03.07.010(d), is accomplished.

Sec. 03.07.010 is deleted, as noted earlier, and replaced with new material you requested.

Your fifth request was concerned with specific appropriations for this program. See the new sec. 10(g).

The report that you wish from the commissioner of natural resources is requested under bill section 3.

For the moment, I will pass over the request concerned with the municipal tax implications of this bill, particularly as a conforming amendment to AS 29.53.035 is concerned.

Sec. 60(b) is amended to accomplish your request.

Sec. 90(a)(2) is deleted.

The effective date clause is eliminated.

Returning to the tax implications.

I was in the process of drafting an amendment to AS 29.53.035 for addition to the bill when the computer went down. Because I had substantial problems fitting your request into sec. 35 and because I anticipated problems meeting your deadline request, I decided to omit that request, advise you why and send the bill on its way.

The portion of sec. 35 that I would amend is sec. 35(a); that subsection provides:

(a) Farm use lands included in a farm unit and not dedicated or being used for nonfarm purposes shall be assessed on the basis of full and true value for farm use, and shall not be assessed as if subdivided or used for some other nonfarm purpose. The assessor shall maintain records valuing the farm use land for both full and true value and farm use value. Should the farm use land be sold, leased, or otherwise disposed of for uses incompatible with farm use or be converted to a use incompatible with farm use by the owner, the owner

March 8, 1983

is liable to pay an amount equal to the additional tax at the current mill levy together with eight per cent interest for the preceding seven years, as though the land had not been assessed for farm use purposes. Payment by the owner shall be made to the state to the extent of its reimbursement for revenue loss under (e) of this section for the preceding seven years. The balance of the payment shall be made to the city or borough.

As you can see, the third sentence of sec. 35(a) contemplates that it is a transaction turning the land to a use "incompatible with farm use by the owner" that triggers the repayment. As I suggested to you yesterday, if that use is consistent with agricultural use, then the argument for repayment is vitiated -- or so it seems to me.

But if you believe that such a provision is required, then I suggest the following:

(a) Farm use land that is [LANDS] included in a farm unit, [AND] not dedicated or being used for nonfarm purposes, and not subject to an agricultural preservation easement shall be assessed on the basis of full and true value for farm use, and shall not be assessed as if subdivided or used for some other nonfarm purpose. The assessor shall maintain records valuing the farm use land for both full and true value and farm use value. Should the farm use land be sold, leased, or otherwise disposed of for uses incompatible with farm use or be converted to a use incompatible with farm use by the owner, the owner is liable to pay an amount equal to the additional tax at the current mill levy together with eight per cent interest for the preceding seven years, as though the land had not been assessed for farm use purposes. Payment by the owner shall be made to the state to the extent of its reimbursement for revenue loss under (e) of this section for the preceding seven years. The balance of the payment shall be made to the city or borough.

I would then also add a new subsection to read:

(f) Farm land subject to an agricultural preservation easement shall be assessed on the basis of full and true value for farm use. The owner of the farm land subject to an agricultural preservation easement is not entitled to benefits under (a) of this section.

March 8, 1983

If I may be of further assistance, please advise.

RAB:ljb

1/016



ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES  
RESEARCH AGENCY

Pouch Y, State Capitol  
Juneau, Alaska 99811  
(907) 465-3991

February 21, 1983

MEMORANDUM

TO: Representative Barbara Lacher  
FROM: Susan Brody, Director *SB*  
RE: Preservation of Agricultural Lands (HB 148)  
Research Request 83-58

HB 148 would allow the State to purchase preservation easements on privately-owned farmland for the purpose of protecting this land from conversion to urban uses. In selling the easement to the State, the land owner would relinquish the right to develop the land for any purpose other than farm use. Bob Harris of your staff asked us to summarize the bill and to estimate the amount and cost of land eligible for State purchase of easements. He also asked us to provide any available data concerning the amount of farmland converted to other uses.

Summary of HB 148

Section 1 of the bill finds that farmland located close to urban centers in Alaska is threatened because its market value for future development exceeds its market value for farm use. The bill further finds that the acquisition by the State of preservation easements on agricultural land will help to protect this land from conversion to urban uses.

Section 2 of the bill adds a new chapter to AS 03 entitled "Preservation of Agricultural Land." The way in which the preservation easement program would operate is described briefly below.

AS 03.07.010 would authorize the State to purchase agricultural preservation easements on privately-owned farm land. It also would allow the State to exchange State land for privately-owned agricultural land or for preservation easements on that land. Any sale, exchange or donation of an easement would be voluntary on the part of the land owner. Furthermore, the owner would not be required to farm the land as long as (s)he does not use or subdivide the land for residential, commercial or industrial purposes.

Under Section .020 of the new Chapter, land would be eligible for protection if it is privately owned and the soil under at least 40 percent of the surface of the parcel is classified as classes II-IV by the U.S. Soil Conservation Service. In addition, the parcel would have to contain at least 40 acres in cultivation or farm use or, if it is adjacent to an established farm(s), would have to have no less than 20

acres in farm use or cultivation. In this latter case, the adjacent farm(s) would have to be at least 40 acres in size and have been in operation for 10 years or more.

The bill establishes a procedure for setting priorities when funds are insufficient to purchase easements on all eligible land. Section .030 would allow the Director of the State Division of Agriculture to identify farmland preservation "priority districts" and to allocate funds for purchase of easements according the following priorities:

1. farmland threatened by early conversion to subdivisions, commercial or industrial uses;
2. farmland of recognized value for tourism;
3. farmland with a history of high productivity;
4. farmland close to market; and
5. farmland within established agricultural areas.

The bill also establishes criteria to be used in acquiring easements within priority districts. Section .040 would require the State to favor those valid offers where the land is threatened, the land was used for farming in the preceding 12 months, the land will form a contiguous farming area with other acquired land, acquisition of the easement will achieve both urban separation and agricultural production, and where the offer is below appraisal.

Section .050 would require the Division Director to consider any adopted municipal plans, ordinances or recommendations relating to farmland preservation prior to allocating easement purchase funds to priority districts within municipalities.

Section .060 would specify the information which must be included by the land owner as part of an offer to sell or exchange a preservation easement. The information to be required includes a legal description of the land and a price, and may include an appraisal in support of the asking price. Within 30 days, the State would have to notify the owner of the sufficiency of the offer. If a corrected, sufficient offer is made within 30 days of the notification, the land is determined to qualify.

The Division Director also would have to notify the appropriate municipality within 30 days if any part of the qualifying land is within a municipality. In turn, the municipal government would have an additional 30 days to request that the State reconsider the determination. If there is a reconsideration request, the State would be required to hold a public hearing in the municipality.

Section .070 would establish time limits within which the State could accept offers or make counter offers.

Under the proposed program, the State could purchase an agricultural preservation easement for either the asking price or the difference between the fair market value of the land and the agricultural value of the land, whichever was less (Section .080). The value determination would be based on one or more qualified appraisals.

Section .090 of the new Chapter would define the uses permitted on land subject to an agricultural preservation easement. These permitted uses would include:

1. agricultural use of the land by the owner;
2. removal of minerals or materials from the subsurface if the land were immediately returned to a condition as favorable to agriculture as existed prior to the extraction;
3. operation of machinery used in agricultural production;
4. sale of agricultural products produced on the land;
5. construction of buildings for farming operations; however, land used for farm residences would not be allowed to exceed one acre per 40 acres of land.

Residential subdivision would not be permitted on land subject to a preservation easement. Furthermore, the acquisition of a preservation easement by the State would not grant the public a right of access or use, nor would it affect any existing easements, rights of way, or rights of access.

#### Farmland Converted to Other Uses

We were able to obtain data on farmland conversion for the Matanuska-Susitna Borough only. Our attempts to obtain similar data from other areas of the state, such as the Fairbanks North Star Borough, met with no success.

The table on page 4 shows the amount of farm land subject to subdivision activity in the Matanuska-Susitna Borough from 1976 to 1982. Only approved subdivisions and waivers are included. According to Borough Manager Gary Thurlow, all land was located within farms prior to subdivision, but it was not necessarily cleared land or active crop land.

Table 1  
Subdivision Activity on Agricultural Lands, Mat-Su Borough  
1976 - 1982

Year	Regular Subdivisions	Waivers*
1976	846 acres**	628 acres
1977	1,759 acres	357 acres
1978	483 acres	1,054 acres
1979	1,731 acres	1,717 acres
1980	978 acres	1,254 acres
1981	383 acres	417 acres
1982	679 acres	1,254 acres
Total	6,859 acres	6,681 acres

\*Waivers are subdivisions where the parcels created are 5 acres or larger in size. Some of this land could continue to be farmed.  
\*\*All figures are rounded to the nearest acre.

Source: Gary Thurlow, Borough Manager, Mat-Su Borough

#### Amount and Cost of Land Eligible for Preservation Easements

It is difficult to estimate with any accuracy the amount of land that would be eligible for the proposed preservation easement program and the possible cost to the State of such a program. However, we have identified two sources of information upon which a very rough estimate might be based. These sources are:

- a report completed in 1979 by the University of Alaska for the Department of Natural Resources (DNR) concerning a possible development rights purchase program for agricultural land in the state; and
- data compiled by the Department of Community and Regional Affairs on participation in the farm use land assessment program established under AS 29.53.035.

University of Alaska Study. A study conducted in 1978 by the U. of A.'s Agricultural Experiment Station for DNR<sup>1</sup> examined the feasibility of a development rights purchase program to protect Alaska's agricultural land. As described, this program has some similarities to the preservation easements programs as proposed in HB 148. I have attached a copy of relevant sections of the report for your information (see Attachment A). A brief summary of the authors' findings follows.

The report notes that the Soil Conservation Service identified approximately 15.2 million acres of potential agricultural land throughout the state. However, much of this land is away from population centers without surface transportation access, and is in either State or federal ownership. The report also contains data on actual utilization of land for crop production (commercial vegetables, feed crops and harvested grassland) in various regions of the state.

For the period 1971-76, there was an average of about 19,270 acres being utilized for crops in the state as a whole; 29 percent of this acreage was in the Tanana Valley, 59 percent in the Matanuska-Susitna Valley, and 11 percent on the Kenai Peninsula. In 1981, according to the U.S. Department of Agriculture, the amount of land in crops had increased to about 38,000 acres. Of this, 65 percent was in the Tanana Valley, 26 percent—in the Matanuska-Susitna Valley, and 5 percent on the Kenai Peninsula (see Table 2).

Table 2  
Alaska Cropland Utilization

	<u>1971-76 (avg.)</u>	<u>1981</u>
Tanana Valley	5,670 acres	24,700 acres
Mat-Su Valley	11,290 acres	10,000 acres
Kenai Peninsula	2,170 acres	2,000 acres
Other	140 acres	1,300 acres
Total	<u>19,270 acres</u>	<u>38,000 acres</u>

Source: Alaska Crop and Livestock Reporting Service

<sup>1</sup> William Workman, Edward Arobio, Anthony Gasbarro, An Examination of a Development Rights Purchase Program for Alaska Agricultural Lands. (Agricultural Experiment Station, University of Alaska, January, 1979)

To determine how a development rights purchase program might be applied in Alaska, the researchers for the U. of A. study mailed questionnaires to 263 agricultural landowners in various regions of the state. A total of 112 of the questionnaires were returned and used as the basis for their report. Respondents were asked to indicate their interest in selling development rights to their cleared and uncleared agricultural land. On a statewide basis, 35 percent of the respondents expressed moderate to high interest in the sale of development rights while 65 percent expressed little or no interest. Over half of the landowners moderately or highly interested in selling development rights were from the Matanuska-Susitna region.

The questionnaire also asked the respondents to place a value on the development rights for their agricultural land. First, average market values for cleared and uncleared land, as perceived by the respondents, were calculated. Average values for cleared and uncleared land ranged from \$1,500 per acre in Delta to \$3,900 per acre in the Fairbanks region. The weighted average cleared land value for the five regions was \$3,300 per acre. Table 3 summarizes the land value information obtained from the survey. It should be remembered that these values were based on the subjective judgment of the landowner and that the data is over four years old.

Table 3  
 Average Perceived Land Values By Region  
 (Dollars per Acre)

Region	Cleared Land Value	Number of Respondents	Uncleared Land Value	Number of Respondents
Fairbanks	\$3,900	13	\$2,900	11
Delta	1,500	9	1,300	8
Copper River	1,900	6	900	6
Matanuska-Susitna	3,800	28	3,600	24
Kenai-Kodiak	3,700	13	3,100	13
TOTALS		69		62
Weighted Average	\$3,300		\$2,800	

Source: Agricultural Experiment Station, U. of A., 1979

Land owners were also asked to place a value on the development rights to their land. However, the authors of the report indicate that many of the respondents apparently did not understand how to value a development right. This, in conjunction with the small number of respondents answering this question, may mean that the values obtained are unreliable. With this cautionary note in mind, the authors' reported average development rights values in the Fairbanks, Mat-Su and Kenai-Kodiak areas ranging between \$3,100 and \$3,600 per acre.

Farmland Use Value Assessment Program. Data from the State's farmland use value assessment program also might be used to determine the amount of interest in, and cost of, an agricultural preservation easements program. AS 29.53.035 allows farm use land to be assessed on the basis of its value for farm use and not as if it were subdivided or used for some nonfarm purpose. The program allows the land owner to defer taxes that would otherwise be due if the land were valued at market value. If the land is converted to nonfarm uses, the owner is then liable for all the back taxes (including interest) which were deferred through the program (see Attachment B).

As with the proposed program in HB 148, participation in the use value assessment program is voluntary on the part of the land owner. Data from the Department of Community and Regional Affairs on the use value program for fiscal years 1976 through 1982 is presented in Table 4. It shows that there were 115 participants in the program statewide in FY 82, 67 percent of whom were from the Mat-Su Borough. A total of 19,197 acres were subject to farmland use value assessment in FY 82.

The column on the table entitled "total deferred value" represents the development rights value of the land; that is, the difference between the full and true value of the land and the farm use value of the land. Dividing the total statewide deferred value by the number of acres in the program yields an average development rights value of \$1,073 per acre, while the statewide average full and true value is \$1,545/acre. The deferred (or development rights) value equals \$1,067 per acre in the Mat-Su Borough and \$887 per acre in the Fairbanks North Star Borough.

These values are considerably lower than those reported in the U. of A. study discussed earlier. According to Assistant State Assessor Mike Worley, the values may not reflect current market conditions as land in some boroughs has not been revalued for several years. Steve Van Sant, the Mat-Su Borough assessor, reports that they are currently in the process of reviewing farmland values as part of their revaluation process. He reported the most current range of values to Mike Worley for typical farms in the borough.

Representative Barbara Lacher  
February 21, 1983  
Page 8

According to Mr. Van Sant, the full market value of a typical 80 acre farm in an outlying area of the borough would be about \$3,000 an acre, while a larger 300 acre farm would be valued closer to \$1,000/acre. However, it is important to remember that there are many variables involved in determining the market value of any particular piece of property--water availability, topography, distance to urban areas, etc. Mr. Van Sant also reported to Mike Worley that the farm use value of a typical farm currently tends to be from 20 to 50 percent of its full market value.

Possible Costs of a Preservation Easements Program. Given the quality of available data, it is not possible to estimate accurately the cost to the State of a preservation easements program. However, we have computed two very rough estimates for you which may assist you in evaluating the cost of the proposed program.

If all those farmland owners currently participating in the State's use value assessment program were to participate in the preservation easement program, the cost to the State would be roughly \$21 million. In FY 82, the use value assessment program included 19,197 acres of farmland. Multiplying this acreage by the total deferred value (see Table 4) of this land yields a cost of approximately \$20.6 million.

Farmland in the Mat-Su Borough is being converted to subdivisions at a rate of roughly 1,000 acres per year (see Table 1). It would cost the State roughly \$1.1 million at a minimum to purchase preservation easements on 1,000 acres of Mat-Su Valley farmland. This is based on an average deferred (or development rights) value in the Mat-Su Borough of \$1,067 per acre.

Neither of these methods provides an accurate estimate of possible program participation and costs. Unfortunately, no data is currently available on the amount of existing and potential farmland in private ownership. In addition, a more thorough research effort would be required to develop good data on the average market and farm use value of farmland in various areas of the state.

We hope the information provided here is useful to your committee's deliberations on HB 148. Please let us know if we can be of further assistance.



# Alaska State Legislature

Barbara Lacher, Chairman  
Mae Tischer, Vice-Chairman  
Randy Phillips  
Milo Fritz  
Don Clocksin  
Jack McBride  
Mike Szymanski



Room 104  
State Capitol  
Juneau, Alaska 99811

Pouch V  
Juneau, Alaska 99811

## House of Representatives Committee on Community & Regional Affairs

February 23, 1983

TO: House C & R A Committee

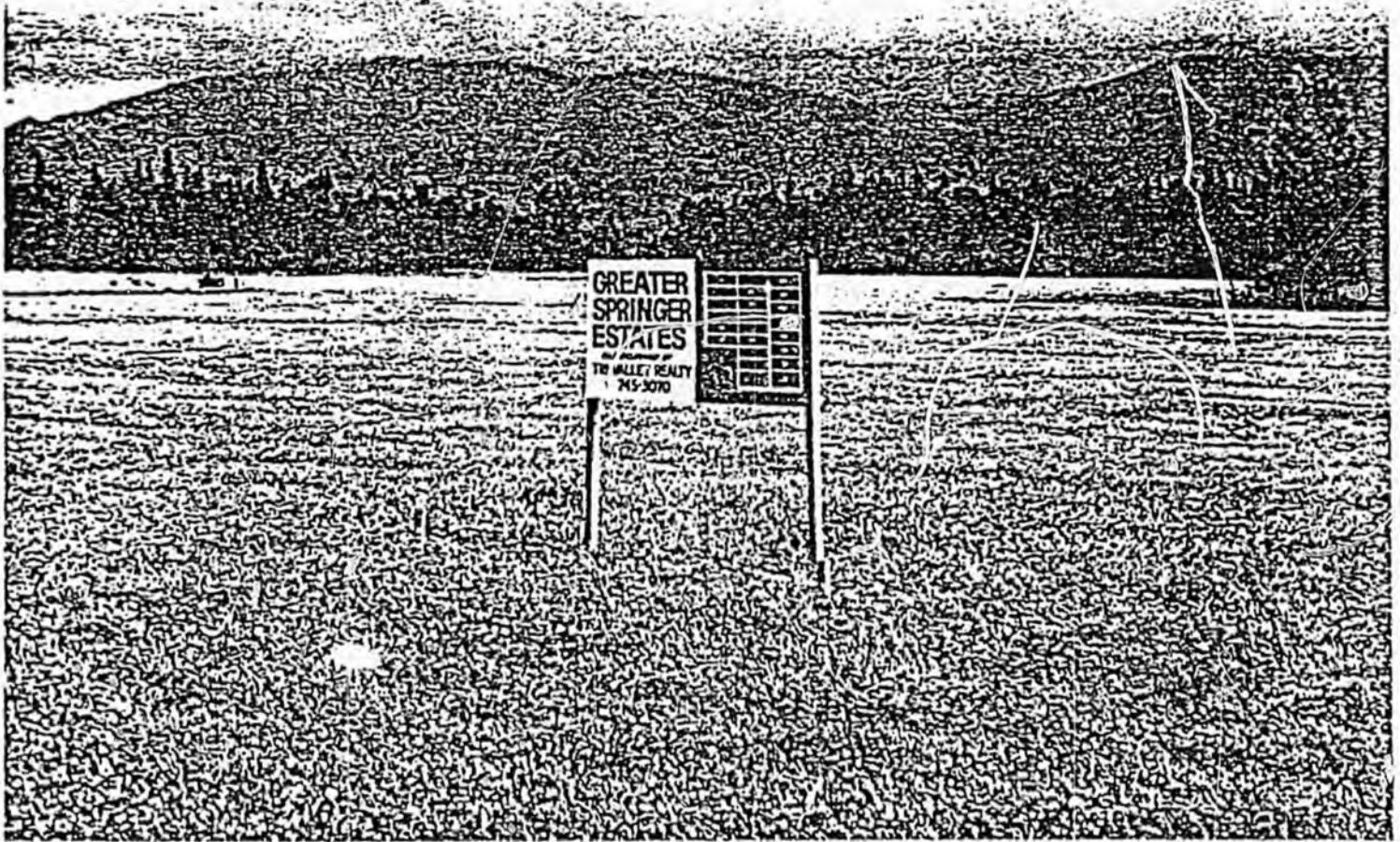
FROM: Staff

SUBJECT: HB 148

HB 148 establishes a program within the Department of Natural Resources that will provide a measure to preserve farmland that may otherwise be lost to urban development.

Under the provisions of this legislation, the owner of established farmland may voluntarily sell agricultural easement rights of his farmland to the State of Alaska.

A detailed analysis of HB 148, prepared by the House Research Agency, is attached.



## Will Alaskan Farmers Sell the Development Rights to their Land?

By William G. Workman\*, Edward L. Arobio\*\*,  
and Anthony F. Gasbarro\*\*\*

### INTRODUCTION

In Alaska, as in many other parts of the country, market forces are producing a change in land-use patterns that is resulting in the conversion of highly productive agricultural lands to nonagricultural uses. Property on the urban fringes of Anchorage and Fairbanks that once produced vegetables and grains or supported dairy farms appears most vulnerable to this conversion to residential or industrial sites. Within the last three years

alone, for example, 27 farms have been subdivided in the Palmer-Butte area of the Matanuska Valley. Many of the subdivisions along the Parks Highway between Willow and Talkeetna are located on lands with high agricultural potential.

This displacement of farms by subdivisions, roads, shopping centers, and other nonagricultural enterprises is viewed by some Alaskans as not being in the state's best interest. Those concerned about the loss of agricultural lands argue that the areas most likely to be converted represent some of the best agricultural lands in the state and are vital to the maintenance and further development of an agricultural economy in Alaska. In addition, it is suggested that the preservation of these areas will help to maintain a much-desired way of life and to provide needed open space and other environmental amenities at the urban fringe. These concerns have resulted in actions by the

\* Associate Professor of Economics, Agricultural Experiment Station, Fairbanks.

\*\* Research Associate in Economics, Agricultural Experiment Station, Fairbanks.

\*\*\* Forster, Agricultural Experiment Station, Fairbanks.



UNIVERSITY OF ALASKA, FAIRBANKS  
Fairbanks, Alaska 99701  
School of Agriculture and Land Resources Management  
Agricultural Experiment Station

August 14, 1978

Dear

The Agricultural Experiment Station at the University of Alaska is conducting a survey of Alaskan farmers. This survey is part of a study concerning the future use of agricultural lands near population centers of Alaska. We need your assistance to make this study a success.

Agricultural lands are rapidly being converted to other uses such as residential lots, airports, and shopping centers. Land is becoming more expensive and some farmland owners are convinced that it makes more sense to develop agricultural land than to farm it. Other people are concerned that we are converting too much of the farmland near cities to nonagricultural uses and that it would be wise to preserve these lands so that food can be grown close to large population centers and so that there will continue to be open space near urban areas.

Many ways are being tried to preserve agricultural lands in other areas of the United States. Some of these include tax incentives, zoning and the trading of land. Another way is for a state or municipality to purchase from the farmland owner his right to develop his land for anything but farming. For a price, the farmer would give up his option to use his land for nonagricultural purposes; the land would still be his, but he could do nothing that would impair its agricultural potential.

The principal objective of our study is to determine (1) farmers' interest in selling development rights and (2) what it might cost the State of Alaska to purchase these rights. A short questionnaire is enclosed. We would be grateful if you will fill it out and return it to us in the enclosed postpaid envelope before September 1, 1978. All information will be kept confidential. If you desire we will be happy to send you a final report at the completion of the study.

Thank you for your cooperation,

*William G. Workman*  
Dr. William G. Workman  
Resource Economist

WGW:ks  
Enclosures

A division of the University of Alaska statewide system of higher education

Figure 1

state and municipal governments in Alaska to intervene in the land market to slow down or stop the loss of agricultural land. Methods employed include tax incentives (use-value assessment of farmland) and the sale of only the agricultural rights on state and municipal lands.

Recently, some state government officials have developed an interest in a new method of agricultural land preservation that is being adopted in some of the eastern states. This method involves the public purchase of nonagricultural development rights on agriculture lands currently held in the private sector. Usual development rights associated with a parcel of real property permit the landowner to develop his land beyond its current agricultural use, and because these rights can be separated from the total bundle of rights, they can be sold, thus transferring from the landowner the right to develop his land. This, then, is the concept behind the purchase of development rights as an agricultural land control device. In order that land remain in agriculture use in areas being converted to other uses, govern-

ALASKA AGRICULTURAL LANDS SURVEY

1. How many acres do you currently farm or ranch?

Your own land \_\_\_\_\_  
Land rented or leased \_\_\_\_\_  
From other landowners \_\_\_\_\_  
From the government \_\_\_\_\_  
Total acres \_\_\_\_\_

2. What crops or livestock do you produce?

Crops	Acres		
	Your own	Rented from others	Leased from government
Vegetables or potatoes	_____	_____	_____
Small grains	_____	_____	_____
Hay or silage	_____	_____	_____
Planted Pasture	_____	_____	_____
Native Pasture	_____	_____	_____
Livestock	Number of Head	Livestock	Number of Head
Dairy cattle	_____	Swine	_____
Beef cattle	_____	Poultry	_____
Sheep	_____	Other (specify)	_____

3. What do you estimate is the per acre market value of agricultural land:

Your own land: Cleared \_\_\_\_\_\$/acre Uncleared \_\_\_\_\_\$/acre  
That you rent (exclude government leases): Cleared \_\_\_\_\_\$/acre

4. Would you be interested in selling development rights to your agricultural land? Selling such rights would mean that your land could be used for agricultural or forestry purposes only.

Degree of interest	Cleared	Uncleared
Not interested	_____	_____
Slightly interested	_____	_____
Moderately interested	_____	_____
Highly interested	_____	_____

5. At what price would you sell the development rights to your agricultural land: \_\_\_\_\_\$/acre.

6. Please describe the location of your farm or ranch.

Nearest town \_\_\_\_\_ Distance from town \_\_\_\_\_

Direction from town \_\_\_\_\_

Thank you for your cooperation. A summary of the results of this survey will be available to you on request.

Figure 2

ments might purchase the development rights from agricultural lands. These lands could then be used only for agricultural purposes.

In June of 1978, the Agricultural Experiment Station at Fairbanks was asked by the Alaska Department of Natural Resources to evaluate such a program for Alaska. As a part of this assessment, a survey of Alaska farmers and ranchers was conducted primarily to determine their interest in such a program and to obtain estimates of the costs of purchasing these development rights. The results of this survey are reported here.

SURVEY RESULTS

During August of 1978, a questionnaire, with a brief explanation of the development rights concept in the cover letter (Figure 1 and 2), was mailed to 263 agricultural landowners in the most important farming or livestock areas of the state. Since there is no statewide farmers' organization in Alaska, the names of landowners were obtained from the mailing lists of state and federal agencies that distribute agricultural information. Undoubtedly these lists did not include all of the people who consider themselves farmers. Of the questionnaires mailed, 18 were returned as undeliverable, leaving 245 that actually reached their destination, of which 112 (46%) were returned completed (Table 1).

Questionnaire recipients were asked to indicate their degree of interest in selling the development rights to their cleared and uncleared agricultural lands. Specifically they were asked to indicate whether they were highly, moderately, slightly, or not interested in selling these rights. Approximately 94%, 106 of 112 respondents, answered this question. The distribution of these expressions of interest can be seen in Table 2.

Most of the respondents in all regions except the Matanuska-Susitna area expressed little or no interest in selling develop-

Table 1: Questionnaire Response by Region

Region	No. Questionnaires Delivered	No. Questionnaires Returned (%)
Fairbanks	52	24 (46)
Delta	34	10 (29)
Copper River Basin	15	10 (67)
Matanuska-Susitna	106	41 (39)
Kenai-Kodiak	38	27 (71)
TOTAL	245	112 (46)

Table 2: Degree of Interest in Selling Development Rights to Agricultural Land

	Number of Respondents (%)			
	No Interest	Slight Interest	Moderate Interest	High Interest
Fairbanks	14	2	4	4
Delta	7	2	0	0
Copper River Basin	6	1	2	1
Matanuska-Susitna	13	6	7	12
Kenai-Kodiak	13	4	3	4
Statewide	54 (51%)	15 (14%)	16 (15%)	21 (20%)

Table 3: Perceived Market Value of Cleared and Uncleared Land by Number and Percentage of Respondents in Dollars per Acre

Per Acre Value	Number of Respondents (%)	
	Cleared Land	Uncleared Land
0-999	18 (26)	24 (39)
1,000-1,999	11 (16)	5 (8)
2,000-2,999	10 (14)	11 (18)
3,000-3,999	8 (12)	4 (6)
4,000-4,999	6 (9)	4 (6)
5,000-5,999	4 (6)	4 (6)
6,000-6,999	3 (4)	3 (3)
7,000-7,999	3 (4)	3 (5)
8,000-8,999	1 (1)	0
9,000-9,999	0	0
10,000	5 (5)	4 (6)
TOTAL	69	62

ment rights. Those respondents living in the Matanuska-Susitna region were evenly divided on the question: half indicated little or no interest and half expressed moderate to high interest. On a statewide basis, 65% expressed little or no interest and 35% indicated moderate to high interest. Over half of all those moderately or highly interested in selling development rights were from the Matanuska-Susitna region.

Questionnaire respondents were also asked to estimate the value of their farmland. Sixty-nine of the 112 respondents indicated what they perceived as the market value of their cleared land and 62 answered the same question about uncleared land. The distributions of these values are shown in Table 3. On a statewide basis, most of the respondents perceived the market values of both uncleared and cleared land to be less than \$5,000 per acre. Uncleared land was valued at less than \$5,000 per acre by 77% of the respondents and at less than \$3,000 per acre by 65% of the respondents. Correspondingly, for cleared land 77% of the respondents valued their land at less than \$5,000 per acre while 66% indicated a value of less than \$3,000 per acre.

Average market values for cleared and uncleared land as perceived by the respondents were calculated for each region. These data are summarized in Table 4. Average values for cleared land ranged from \$1,500 per acre in Delta to \$3,900 per

Table 4: Average Perceived Market Values of Land by Region (Dollars per Acre)

Region	Cleared Value	Number Respond.	Uncleared Value	Number Respond.
Fairbanks	\$3,900	13	\$2,900	11
Delta	1,500	9	1,300	8
Copper River Basin	1,900	6	900	6
Matanuska-Susitna	3,800	28	3,600	24
Kenai-Kodiak	3,700	13	3,100	13
TOTALS		69		62
WEIGHTED AVE.	\$3,300		\$2,800	

Table 5: Value of Development Rights (Dollars per Acre)

Value	Number of Respondents (%)	Value	Number of Respondents (%)
0-999	6 (15)	5,000-5,999	3 (8)
1,000-1,999	8 (21)	6,000-6,999	2 (5)
2,000-2,999	7 (18)	7,000-8,999	0
3,000-3,999	6 (15)	9,000-9,999	1 (3)
4,000-4,999	2 (5)	10,000	4 (10)

Table 6: Average Development Rights Values (Dollars per Acre)

Region	Value	No. of Respondents
Fairbanks	\$3,200	5
Matanuska-Susitna	3,600	21
Kenai-Kodiak	3,100	8
TOTAL		34
WEIGHTED AVERAGE	\$3,400	

acre in the Fairbanks region. Three of the regions (Fairbanks, Matanuska-Susitna, Kenai-Kodiak), accounting for nearly 80% of the respondents, differed by only \$200 per acre in the perceived average value of cleared land with values ranging between \$3,700 and \$3,900 per acre. The weighted-average, cleared-land value for the five regions was \$3,300 per acre.

Uncleared land values averaged slightly lower than cleared land values and ranged from \$900 per acre in the Copper River region to \$3,600 per acre in the Matanuska-Susitna region. As with cleared land, the Fairbanks, Matanuska-Susitna, and Kenai-Kodiak regions accounted for nearly 80% of the survey respondents and showed a relatively narrow range of perceived land values. Average land values for uncleared land in these regions were between \$2,900 and \$3,600 per acre. The weighted average for all five regions was \$2,800 per acre.

Questionnaire recipients were asked to assess the value of the development rights associated with their farmland. A value of development rights was reported by 39 of the 112 respondents (35%). Thirty-four of these responses were from the Fairbanks, Matanuska-Susitna, and Kenai-Kodiak areas. Nearly 70% of the respondents valued their development rights at less than \$4,000 per acre. The distribution of development rights values can be seen in Table 5.

Average development rights values as perceived by the respondents were calculated for the Fairbanks, Matanuska-Susitna, and Kenai-Kodiak regions. These values are shown in Table 6. Average values were not calculated for the Copper River and the Delta regions because so few of these contacted in these areas responded to this part of the questionnaire. Average development rights values in the three areas mentioned ranged between \$3,100 per acre and \$3,600 per acre. Values were highest in the Matanuska-Susitna region.

Distance Category	Percentage of Respondents		
	Reporting	Moderate to High Interest	Little or No Interest
0-5	41	39	43
6-10	24	29	21
11-15	16	12	19
16-20	7	5	9
21+	12	15	9

<sup>a</sup>Based on 111 farmers reporting.

Average development rights values were also calculated by degree of interest, again using data from the Fairbanks, Matanuska-Susitna, and Kenai-Kodiak regions. Calculations showed that those with a moderate or high interest in a development rights program on the average valued these rights at \$2,145 per acre. Those not interested in the program put a much higher value on these rights, \$4,662 per acre. Respondents in the moderate-to-high interest categories accounted for 63% of the total acreage represented in the survey responses.

Additional analysis of the survey data was undertaken to determine whether or not a landowner's interest in a development rights purchase program and/or his perceived value of these rights were related to the distance between his farm and the nearest population center. Table 7 presents a summary of the data relating to the interest/distance question. One can observe that the distributions of responses are similar between the moderate-or-high and low-or-no interest categories and are, therefore, similar to the pattern shown for all responses.<sup>1</sup> This close relationship suggests that farmers' interest in selling development rights is not significantly influenced by the location of his farm relative to a population center. When data for just those farm owners living near Palmer and Wasilla were broken out and analyzed in the same way, the identical conclusion was drawn.

We also addressed the issue of whether a landowner's perception of the value of the development rights to his property was influenced by the location of the farm relative to a population center. The expectation was that the closer the farm was to a town or city, the more attractive would be that land for development purposes and that this relative attractiveness would be reflected in the perceived value of the development rights. Unfortunately the quality of the data obtained through the survey did not allow a rigorous test of this proposition on either a local or statewide basis.

The data in Table 8 are presented to show the nature of the relationship or lack thereof between distance and development rights value as perceived by farmers near Palmer. No clear pattern emerges but, again, this conclusion must be qualified by recognizing that the data are not taken from a random sample. The fact that the expected relationship did not occur may perhaps also be explained by the existence of unrealistic expectations on the part of some landowners regarding the development value of their property. Consequently, these perceived values may not represent the minimum payments that these landowners might be willing to accept to forego their development options.

<sup>1</sup>Using the chi square test for independence with the data on which Table 7 is based, we were not able to reject the hypothesis of independence of interest and distance at any reasonable level of significance. One must recognize, however, that these data were not obtained through random sampling. Thus, any inferences about the views of farmers in Alaska must be regarded with caution.

Distance (Miles)	Stated Values
0-1	\$10,000
1	7,700
2	3,000
	10,000
	3,500
	1,500
3	3,500
	1,000
	5,500
4	2,000
5	600
6	-
7	3,000
8	500
9	-
10	850
11	1,000

### CONCLUDING REMARKS

The survey described here was designed to assess Alaska farmers' interests in participating in a development rights acquisition program for preserving agricultural lands and to provide an estimate of the cost to the state of purchasing these rights. While agricultural landowners in the Matanuska-Susitna Valley areas appeared the most receptive to this land use control concept, farmers surveyed statewide were generally not interested in selling the development rights to their farmland. When faced with the hypothetical proposition of selling these rights, nonetheless, farmers on the average valued the development options at \$3,400 per acre.

While it would be difficult to state confidently why farmers lack enthusiasm for the development rights purchase concept, several explanations appear plausible. First, as reflected in written comments on the returned questionnaires, some landowners may feel this approach to be just another invasion in their lives by "big government." Also, questionnaire respondents may have felt it to be a wise strategy, considering possible future price negotiations, to appear initially uninterested in disposing of their development rights.

Another possible explanation is that agricultural landowners might not be interested in selling development rights now since they anticipate that these rights will be worth more at some later date. This explanation, however, is not entirely satisfactory, since land prices and, therefore, development rights values presumably reflect the discounted value of future development benefits. Thus, in order for this reasoning to offer any promise, one must also argue that these farmers view the market as presently failing to accurately anticipate future development patterns.

The results obtained in this survey should be viewed with caution. Although a high percentage (46%) of delivered questionnaires was completed and returned, the sampling technique and the fact that some respondents did not answer all questions may have biased the results. Also, the concept of purchase of development rights was new to many farmers and this lack of familiarity may account for some of the negative interest shown by farmers. Still, the conclusion that must be drawn from this survey, keeping in mind the preceding caveats, is that Alaskan farmers at this time show little enthusiasm for the idea of selling their farmland development rights and place a significant value on these rights *vis-a-vis* the total market value of their agricultural land. □

within the structure or for the alteration of land as a consequence of construction activity. An exemption provided in this subsection may continue for up to four years from the date the improvement is completed or from the date of approval for the exemption by the local assessor, whichever is later.

(g) A municipality may by ordinance exempt from taxation all or any part of the increase in assessed value of improvements to a single family dwelling if the principal purpose of the improvement is to increase the amount of space for occupancy. An exemption provided in this subsection may continue for up to two years from the date the improvement is completed or from the date of approval of an application for the exemption by the local assessor, whichever is later. (§ 2 ch 118 SLA 1972; am § 2 ch 1 FSSLA 1973; am § 1 ch 33 SLA 1975; am § 1 ch 111 SLA 1976; am § 1 ch 262 SLA 1976; am § 1 ch 95 SLA 1977; am § 3 ch 94 SLA 1980)

Effect of amendments. — The 1973 amendment added the second sentence of subsection (a).

The 1975 amendment added subsection (e).

The first 1976 amendment added paragraph (3) of subsection (c).

The second 1976 amendment added

paragraph (2)(D) of subsection (b).

The 1977 amendment added subsections (f) and (g).

The 1980 amendment deleted "adopted without weighted voting" near the beginning of paragraph (1) of subsection (c).

Sec. 29.53.035. Farm or agricultural lands. (a) Farm use lands included in a farm unit and not dedicated or being used for nonfarm purposes shall be assessed on the basis of full and true value for farm use, and shall not be assessed as if subdivided or used for some other nonfarm purpose. The assessor shall maintain records valuing the farm use land for both full and true value and farm use value. Should the farm use land be sold, leased, or otherwise disposed of for uses incompatible with farm use or be converted to a use incompatible with farm use by the owner, the owner is liable to pay an amount equal to the additional tax at the current mill levy together with eight per cent interest for the preceding seven years, as though the land had not been assessed for farm use purposes. Payment by the owner shall be made to the state to the extent of its reimbursement for revenue loss under (e) of this section for the preceding seven years. The balance of the payment shall be made to the city or borough.

(b) An owner of farm use land must, to secure the assessment, make application to the assessor before May 15 of each year in which the assessment is desired. The application shall be made upon forms prescribed by the state assessor for the use of the local assessor and shall include information which may reasonably be required to determine the entitlement of the applicant. If the farm use land is leased for farm use purposes, the applicant shall furnish to the assessor a copy of the lease bearing the signatures of both lessee and lessor along with the

completed application. The applicant shall furnish the assessor a copy of the lease covering the period for which the exemption is requested.

(c) In this section "farm use" means the use of land for raising and harvesting crops or for the feeding, breeding and management of livestock or for dairying or another agricultural use for profit or any combination thereof. To be farm use land, the owner or the lessee must be actively engaged in farming the land, and derive at least 10 per cent of his yearly gross income from the farm use land. The provisions of this section do not apply to land respecting which the owner has granted, and has outstanding, a lease or option to buy the surface rights. A property owner wishing to file for farm use classification having no history of farm-related income may submit a declaration of intent at the time of filing the application with the assessor setting out the intended use of the land and the anticipated percentage of income. An applicant using this procedure shall file with the assessor before February 1 of the following year a notarized statement of the percentage of gross income attributable to the farm use land. Failure to make the filing required in this subsection forfeits the exemption.

(d) In the event of a crop failure by an act of God the previous year, the owner or lessee may submit an affidavit affirming that 10 per cent of his gross income for the past three years was from farming.

(e) Subject to legislative appropriations for the purpose, the state shall reimburse a borough or city, as appropriate, for the real property tax revenues lost to it by the operation of this section. (§ 2 ch 118 SLA 1972; am § 1 ch 90 SLA 1974; am § 3 ch 229 SLA 1976; am § 1 ch 66 SLA 1978)

*Effect of amendments.* — The 1974 amendment made such changes in subsections (a), (b), and (c) as to make a detailed comparison impracticable and added subsections (d) and (e).

The 1976 amendment, in subsection (a), substituted "uses incompatible with farm use" for "other than farm use purposes," "a use incompatible with farm use" for

"nonfarm use" and "eight per cent" for "five per cent" in the third sentence, inserted "at the current mill levy" in that sentence, and added "for the preceding seven years" at the end of the fourth sentence.

The 1978 amendment substituted "May 15" for "February 1" in the first sentence of subsection (b).

**Sec. 29.53.045. Tax on oil and gas production and pipeline property.** (a) A municipality may levy and collect taxes on taxable property taxable under AS 43.56.010 — 43.56.210 only by using one of the methods set out in (b) or (c) of this section.

(b) A municipality may levy and collect a tax on the full and true value of taxable property taxable under AS 43.56.010 — 43.56.210 as valued by the Department of Revenue at a rate not to exceed that which produces an amount of revenue from the total municipal property tax equivalent to \$1,500 a year for each person residing within its boundaries.



STATE OF ALASKA  
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: CSHB 148 (C&RA) Date on Bill: 3/18/83  
Title: Preservation of agricultural lands  
Sponsor: Lacher, Larson and Zharoff  
Requestor: \_\_\_\_\_

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86
Capital				
Operating		77.3	82.5	88.0
Total				

b. Revenues:

Revenue				
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2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

Fiscal impact of this proposal is entirely dependent on level of implementation. We estimate the program would require a minimum of one professional and one clerical to administer the activities required to prepare documents, arrange appraisals, handle public meetings and follow up on verification of compliance with land use requirements. These position can be located at the Wasilla office of the Division of Agriculture.

No funding is requested in this note for actual purchase of easements.

4. Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Ed Kern Phone: 376-3276  
Division: Agriculture Date: 3-1-83  
Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
Department: Natural Resources

5. Distribution:

- Original to Legislative Finance
- Copy to OMB
- Copy to Sponsor
- Copy to Requestor

2/15/83

MAR 30 REC'D

STATUS/SCOPE OF LEGISLATION

ISSUE: HB148 -> CSHB148 An Act Relating to the Preserv. of Agric. Lands

SPONSORS: Lacher

CURRENT STATUS: (CE'RA) -> Resources

FISCAL IMPACT: 77.3

REPRESENTATIVE	A. Comm. Vote	B. Statutory/Tech.	C. Supp. -Memo	D. Opp. -Memo	E. Vote
ABOOD			Supp. memo SENT 3/30/83		
ADAMS					
BARNES					
BETTISWORTH					
BUSSEL			✓		
CATO					
CLOCKSIN	do pass	CS	✓		
CONDERY					
DAVIS					
DUNCAN					
FLOOD					
FRITZ	do pass	CS			
FULLER					
FURNACE					
GOLL			✓		
GRUSSENDORF					
HAYES					
HERRMAN					
HURLBERT					
KOPONEN					
LACHER	do pass	CS			
LARSON			✓		
LINDAUER					
LISKA			✓		
MALONE					
MARTN					
MCBRIDE					
MILLER					
MILLER(NP)					
PESTINGER					
PHILLIPS	do pass	CS			
RINGSTAD			✓		
SHULTZ			✓		
SZYMANSKI					
TISCHER	do NOT pass	CS			
UEHLING			✓		
VASKA			✓		
WARD					
WENDTE					
ZHAROFF					

