

H B

5 2 9

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 529
 Title: Veterans' discount on state land disposals
 Sponsor: Uehling et al
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Natural Resources
 Program Category Affected: NRMEC
 BRU, Program or Subprogram(s) Affected: Land and Water Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-
CAPITAL		-0-	-0-	-0-	-0-	-0-
REVENUE		-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME		-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Sharon Barton Phone: 465-2400
 Division: Commissioner's Office Date: 3-2-84

Approved by Commissioner: [Signature] Date: 3-2-84
 Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: March 20, 1984

REQUEST

Bill/Resolution No.: CSHB 529 (FIN)
Title: Veterans Discount on State Land Disposals

Sponsor: Uehling
Requestor: House Finance
Date of Request: _____

FISCAL DETAIL

Agency Affected: Natural Resources
Program Category Affected: NRMEC

BRU, Program or Subprogram(s) Affected: Land and Water Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-
CAPITAL		-0-	-0-	-0-	-0-	-0-
REVENUE		(.5)	(.5)	(.5)	(.5)	(.5)

FUNDING: (Thousands of Dollar)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Ned Farquhar Phone: 465-2400
Division: Commissioner's Office Date: March 20, 1984

Approved by Commissioner: *Ned Farquhar* Date: March 20, 1984
Agency: Natural Resources

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

DEPARTMENT OF NATURAL RESOURCES
FISCAL BACKUP FOR HB 529 (Veterans' preference)
March 20, 1984

The Department estimates that about 25% of past land sales have been to veterans. With offerings of 850 lots per year at \$10,000 per lot, lost revenues from a 25% discount for veterans would amount to about \$530,000/yr.

Elimination of AS 38.05.067 (veterans' auction preference) would have a positive fiscal impact, by producing more auction bidding and revenue. However, the Department is not able to quantify this impact.

March 30, 1984

The Honorable Rick Uehling
Alaska State House
Pouch V
Juneau, AK 99811

Dear Representative Uehling:

In past hearings on HB 529, you have requested information on the department's administration of AS 38.05.067 (veteran's auction preference). I hope this letter answers your questions.

Before 1979, the department's authority for offering unoccupied land was restricted to competitive sale. AS 38.05.069, originally passed in 1959 and amended in subsequent years, required that the department offer unoccupied residential lands at an auction restricted to veterans before offering the land to the general public.

From an administrative standpoint, it was easy to comply with this requirement. On the day fixed for the auction of residential lands, division personnel collected evidence of a veteran's honorable discharge and would give that person a colored bidder's card, as well as a white card given to all potential bidders. During the first auction, only veterans would be allowed to bid. Any parcels not sold to a veteran would be offered to the general public immediately after the veteran's sale.

In practice, this statute did not have a large impact on State land sales. The major reason was that even at that time, the department had little land considered proximate to major population centers. In addition, because it was rare to have funds available for survey, such lands as the State did have were usually made available in large parcels not immediately suitable for residential use. In the residential auctions we did hold, about 50% of the parcels would be awarded to veterans. It was now common to auction off large parcels to local land developers, who would, in turn, subdivide the land and build roads and other improvements to meet local government requirements.

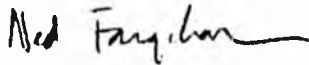
March 30, 1984

Since 1979, the emphasis on State land programs has shifted. The department no longer commonly offers large lots of land at auction. The "residential" classification of land has been incorporated into the "settlement" classification, which also includes the old categories of "private recreation," "industrial," and "commercial." Recent emphasis has been to have the State subdivide the land, and, preferably, to build roads and meet local subdivision ordinances.

Our reason for suggesting repeal of AS 38.05.067 is that the proposed veteran's discount of 25% of the purchase price constitutes an immediate equity in the parcel. Past experience with the discount programs indicates that the "instant" equity serves to inflate the purchase price of land proportionally.

Please feel free to contact me if you have additional questions.

Sincerely,



Ned Farquhar
Special Assistant
to the Commissioner

cc: Meg Hayes, SCDO
Sandra Schubert, Senate Resources

FEB 29 1984

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 29, 1984

SUBJECT: Sectional analysis of HB 529

TO: Representative Rick Uehling

FROM: Edward H. Hein *EHH*
Legislative Counsel

Section 1 reestablishes a discount on the price of state land purchased by a veteran. Former AS 38.05.058, which was repealed in 1983, provided for a discount of 75 percent or \$37,500, whichever was less. This bill provides a 25 percent discount. To be eligible a veteran must be at least 18 years of age, must have been a state resident for at least one year, must have served in the armed forces for at least 90 days, and must have received a discharge under honorable conditions. A veteran is entitled to only one discount. The discount may be applied to a purchase of surface rights to land, but not to survey costs, road development costs, utility assessments, or other costs specified by the commissioner of natural resources. The discount may be applied to land purchased in a sale restricted to veterans in accordance with AS 38.05.067.

Section 2 provides for an immediate effective date.

EHH:ojb
J4/021

CHAIRMAN
HOUSE SPECIAL COMMITTEE
ON STATE LOANS

VICE-CHAIRMAN

HOUSE RESOURCES COMMITTEE
HOUSE LABOR AND COMMERCE COMMITTEE

MEMBER

JOINT OIL & GAS COMMITTEE
HOUSE FINANCE SUBCOMMITTEE ON
ADMINISTRATION, REVENUE
AND THE GOVERNOR'S OFFICE

Alaska State Legislature



House of Representatives

Representative
RICK UEHLING

ANCHORAGE
DISTRICT 12-SEAT A
1634 JUNEAU DRIVE
ANCHORAGE, ALASKA 99501
(907) 274-4256
POUCH 'V
JUNEAU, ALASKA 99811
(907) 465-4821

MEMORANDUM

DATE: 29 February 1984
TO: Representative Ringstad *RR*
FROM: Representative Rick Uehling
SUBJECT: HB 529

You requested that I provide you with a synopsis of HB 529.

This bill creates a 25 percent discount for veterans, where none now exists, on the purchase price of state lands disposed of under land disposal programs that are not for commercial or industrial uses.

The discount only applies to the acquisition of surface rights to state land and may not be applied to survey costs, road costs, and utility assessments.

The discount also can be applied to the purchase of land from a sale restricted to veterans under AS 28.05.067.

In the Senate, SB 324 has been incorporated into SB 375, the omnibus land bill for the Title 38 rewrite.

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

POUCH M
JUNEAU, ALASKA 99811
PHONE: 907-465-2400

March 2, 1984

Mr. John Geary
Representative Rick Uehling's Office
Pouch V
Juneau, Alaska 99811

Dear Mr. Geary:

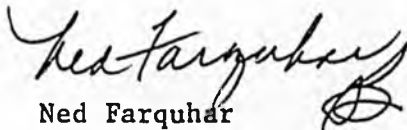
In response to your request for information on HB 529 (veteran's discount on land disposals), here are some comments.

A similar provision (SB 324 by V. Fischer) is being considered on the Senate Resources Committee, for possible inclusion in SB 375 on land disposals and management.

The Department estimates that about 25 percent of past land sales have been to veterans. Assuming we offered 850 lots per year priced at \$10,000 per lot, lost revenues to the State would be about \$400,000.

We suggest that the committee consider repealing the existing veteran's preference right statute, ~~38.05.067~~. This provides for a separate auction restricted to veterans prior to offering the land at competitive sale.

Sincerely,



Ned Farquhar
Special Assistant
to the Commissioner

(c) The director shall, for contracts under (a) or (b) of this section, set for each sale the period for the payment of installments and the total purchase price plus interest. The director, with the consent of the commissioner, may also include in contracts under this section conditions, limitations and terms which he considers necessary and proper to protect the interest of the state. Violations of any provision of AS 38.05.005 — 38.05.370 or the terms of the contract of sale subject the purchaser to appropriate administrative and legal action, including but not limited to specific performance, foreclosure, ejectment, or other legal remedies in accordance with applicable state law. (§ 3 art IV ch 169 SLA 1959; am § 5 ch 176 SLA 1978; am §§ 26, 27 ch 85 SLA 1979; am §§ 17, 18 ch 113 SLA 1981)

Effect of amendments. — The 1978 amendment rewrote this section.

The 1979 amendment substituted the language beginning "prevailing rate for real estate mortgage loans" for "rate of not less than five per cent a year" at the end of the first sentence of subsection (a), and in subsection (b), substituted "under the procedures specified in AS 38.05.057 (lottery disposals)" for "by lottery" in the first sentence and substituted "for real estate mortgage loans made by the federal land bank for the farm credit district for Alaska" for "on similar land transactions" and deleted "as determined by the direc-

tor, but in no case may it be below five per cent a year or above the current usury rate as set by AS 45.45.101(b) and (d)" in the third sentence.

The 1981 amendment added "under AS 38.05.055" following "public auction" and substituted "twenty" for "ten" preceding "years" in the first sentence of subsection (a). In subsection (b), the amendment deleted "the procedures specified in" following "land sold under" and substituted "and under AS 38.05.078" for "(lottery disposals)" preceding "shall require the remainder" in the first sentence.

Sec. 38.05.066. Preference to persons for fishery purposes.

Repealed by § 34 ch 94 SLA 1980.

Editor's notes. — The repealed section derived from § 1, ch. 158, SLA 1968; § 1, ch. 74, SLA 1970.

Section of law referred to in D.N.R. letter

Sec. 38.05.067. Veterans preference. (a) Except as provided in (e) of this section, before offering to the general public any unoccupied residential lands, the director shall offer the land at a restricted sale at which only veterans may buy.

(b) The director shall not sell the lands under this section at less than their fair appraised market value. The director shall make regulations necessary to ensure that lands sold under this section are for bona fide residential use and not for speculation.

(c) When not in conflict with this section, other provisions of AS 38.05.045 — 38.05.067 apply to sales under this section.

(d) In this section "veteran" means a person with 90 days or more of active service in the armed forces of the United States who has been honorably discharged.

is section, set and the total consent of the section condition and proper provision of AS be subject the on, including ment, or other § 3 art IV ch 85 SLA 1979;

be below five per cent usury rate and (d)" in the

added "under AS public auction" and "ten" preceding nee of subsection the amendment s specified in" der" and substi- 05.078" for "lot- g "shall require st sentence.

purposes.

provided in (e) ly unoccupied restricted sale

ection at less ll make regu- ection are for

visions of AS 1. days or more of who has been

(e) [Effective July 1, 1984] This section does not apply to the sale of state land under AS 38.04.020(g)(2) and AS 38.09. (§ 4 art IV ch 169 SLA 1959; added by ch 102 SLA 1962; am § 1 ch 28 SLA 1963; am § 1 ch 1 SLA 1968; am §§ 28, 29 ch 85 SLA 1979; am § 35 ch 94 SLA 1980; am §§ 19, 20 ch 113 SLA 1981; am § 6 ch 103 SLA 1983).

Effect of amendments. -- The 1979 amendment added "Except as provided in (e) of this section" to the beginning of subsection (a) and added subsection (e).

The 1980 amendment substituted "November 7, 1975" for "a date six months after the termination of hostilities involving forces of the United States in Viet Nam" in paragraph (4) of former subsection (d).

The 1981 amendment rewrote subsection (d) and substituted "AS

38.04.020(g)(2)" for "AS 38.05.047(f)" in subsection (e).

The 1985 amendment, effective July 1, 1984, substituted the reference to AS 38.09 for references to AS 38.05.077 and 38.05.078 in subsection (e).

Editor's notes. -- Until July 1, 1984, subsection (e) reads as follows: "(e) This section does not apply to the sale of state land under AS 38.04.020(g)(2), AS 38.05.077, and 38.05.078."

Sec. 38.05.068. Forest Service permittees' sales preference.

(a) Before offering to the public any land which is subject to a valid existing United States Forest Service permit in effect on the day before that land is tentatively approved for patent to the state, or which is subject to a lease issued under AS 38.05.087, the director shall offer the land for sale to the permittee or his successor in title, if he can be found.

(b) When not in conflict with this section, other provisions of AS 38.05.045 — 38.05.069 apply to sales under this section.

(c) If the permit described in (a) of this section is for a recreational cabin, recreational residence, nonrecreational residence, or a residence of a community nature and the land is used for noncommercial residential or recreational purposes, the purchase price offered to a permittee or his successor shall be an amount determined by the commissioner which is equal to the state money required to be spent in order to sell the land plus the cost of survey or resurvey, if the survey or resurvey is made by the department or a contractor of the department.

(d) If the permit described in (a) of this section is for a use other than a use listed in (c) of this section, the purchase price offered to a permittee or his successor shall be not less than the appraised fair market value of the land. (§ 1 ch 26 SLA 1963; am § 39 ch 127 SLA 1974; am §§ 1, 2 ch 26 SLA 1979)

Effect of amendments. -- The 1979 amendment substituted "on the day before that land is tentatively approved for patent" for "in a state-selected area at the time the area was patented" in subsection

(a), deleted "at not less than its fair appraised market value before offering to the general public" from the end of subsection (a), and added subsections (c) and (d).

Sec. 38.05.069. Preference to persons for agricultural purposes. (a) If the director determines that the highest and best use

State Land Programs*

LAND PROGRAM	TYPE OF LAND OFFERED	INTEREST GAINED	SIZE OF PARCEL	APPLICANT REQUIREMENTS		METHOD OF DETERMINING WINNER	PRICE TO PURCHASER	TERMS	ON-SITE REQUIREMENTS FOR TITLE	MISCELLANEOUS PROVISIONS	FREQUENCY OF PARTICIPATION	OVER THE COUNTER
				AGE	AK. RESIDENCY							
Lottery	1) Subdivisions 2) Small ag parcels 3) Odd lots	1) Fee title in subdivisions 2) Title to ag interest only 3) Fee title to odd lots	Any	18	1 year	Drawing	Appraised value	Five percent down, maximum 20-year payoff	Complete farm development plan on ag parcels. If required	Purchaser of ag parcels receives ag interest only.	One per eight years (may also purchase one parcel in major ag project every eight years)	Applies to remaining parcels
Homestead	Subdivisions	Entry permit/ fee title	Generally five acres or less	18	1 year	Drawing	Purchaser reimburses state for surveying, platting, and administrative costs	Payments for surveying and platting costs may be constructed for up to 20 years.	Construct dwelling within five years, occupy land 35 months within seven years	Entry permits are non-assignable.	One in a lifetime per household	Applies to remaining parcels
Remote Parcel	Unsurveyed acreage	Lease/fee title	Maximum 40 acres	18	1 year	1) Unlimited entry areas First-come, first-served basis 2) Limited Entry areas Drawing	Lease: \$10 per acre per year Purchaser: Appraised value as of date of lease	Five percent down, maximum 20-year payoff	Stake corners, brush property lines; survey parcel	Lease cannot be assigned, conveyed, or otherwise transferred. Land may not be sold, leased, conveyed, or subdivided for 10 years from date of sale contract. Program will be discontinued as of July 1, 1984.	One per eight years	1) Unlimited entry areas; Not applicable 2) Limited entry areas Applies to remaining entry authorizations
Homestead	Unsurveyed acreage	Entry permit/ fee title	Up to 40 acres of non-ag land or up to 160 acres of ag land	18	1 year	Drawing or Open staking	1) Prove up: \$5 per acre entry fee, surveying, platting, and improvement costs 2) Purchase: \$5 per acre entry fee, surveying and platting costs; appraised value as of date of entry permit	1) Prove up: Not applicable 2) Purchase: Five percent down, maximum 20-year payoff	1) Prove up: Stake corners, brush property lines within 90 days, survey parcel within 2 years, construct dwelling within three years, occupy 25 months within five years. Also clear and prepare for cultivation 25 percent of ag land. 2) Purchase: Stake corners, brush property lines within 90 days, survey parcel within 2 years. Also clear and prepare for cultivation 25 percent of ag land.	1) Prove up: There are restrictions on the sale, lease, conveyance, and subdivision of land for five years after patent. 2) Purchase: There are restrictions on the sale, lease, and conveyance of land for five years after patent, and on the subdivision of land for 10 years after patent.	Once in a lifetime per person	When available
Agricultural Development Project	Ag parcels in large scale projects	Title to ag interest only	Any	18	Residency of up to one year may or may not be required	1) Drawing or 2) High bid at public auction	1) Appraised value or 2) High bid (minimum bid appraised value)	Five percent down, maximum 20 year payoff	File an approved conservation plan, complete farm development plan	Ag. development project sales are not regularly scheduled, as they are funded directly by the legislature. Purchaser receives ag interest only.	One per eight years (may also purchase one parcel in lottery program every eight years)	Applies to remaining parcels
Auction	Any	Fee title	Any	18	None	High bid at public auction	High bid (minimum bid, appraised value)	Five percent down, maximum 20-year payoff	May be some on site requirements		One parcel per auction	Applies to remaining parcels
Lease	Any	Temporary use	Any	18	None	1) High bid at public auction 2) May be negotiated for up to 5 years and \$250 per year rent at full value	Lease rate, 1) High bid or 2) Percentage of appraised value	Lease available up to 55 years	Not applicable	Development plan for commercial/ industrial use may be required.	One parcel per auction	Applies to remaining parcels
Land use Permit	Any	Temporary use	Not applicable	18	None	By application	Use fees required for some activities	All permits, except for grazing purposes, are issued for up to one-year periods, and may be renewed upon application. Grazing permits may be issued for periods up to five years.	Not applicable	Permits are non-transferable. Permanent structures are prohibited. Permits are required for all uses other than generally permitted activities. Permits may be revoked by the state.	Not applicable	Not applicable
Remote Cabin Permit	Any	Temporary use	Not applicable	18	None	By application	Rent \$100 per year	Permits available for 25 years	Not applicable	Assignable by original permit holder	Not applicable	Not applicable



*This chart outlines general requirements only. It does not list all conditions of entry permits. For details of information about the Department's programs, please contact one of the offices.

Southeast District Office
Frontier Building, 10th Floor
3601 C Street
Pouch 7 003
Anchorage, Alaska 99510
(907) 276-2653

Mid-Su Area Office
Century Plaza, Suite 202
Mile 5 Knik Road
Pouch 4008
Wasilla, Alaska 99687
(907) 376-4593

Northcentral District Office
4420 Alagnak Way
Fairbanks, Alaska 99701
(907) 479-2243

Southeastern District Office
Marine View Apartments, Room 407
230 S. Franklin Street
Juneau, Alaska 99801
(907) 465-3100