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partial exemption, the easement must be in perpetuity. However, the easement is automatically terminated before an eminent domain taking of fee simple title or less than fee simple title to the property so that the property owner is compensated at a rate which does not reflect the easement grant.

(f) A municipality may by ordinance exempt from taxation all or any part of the increase in assessed value of improvements to real property if an increase in assessed value is directly attributable to alteration of the natural features of the land or new maintenance, repair or renovation of an existing structure and if the alteration, maintenance, repair or renovation, when completed, enhances the exterior appearance or aesthetic quality of the land or structure. No exemption may be allowed under this subsection for the construction of an improvement to a structure if the principal purpose of the improvement is to increase the amount of space for occupancy or nonresidential use 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 § 31 ch 94 SLA 1980; am § 1 ch 44 SLA 1983)

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 (e).

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).

The 1983 amendment, effective July 9, 1983, added paragraph (b)(3).

Legislative history reports. — For legislative intent in enacting ch. 44, SLA 1983, see 1983 Senate Journal, p. 639, and 1983 House Journal, p. 1707.

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

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§ 1 ch 33 SLA 1975; am
§ 1 ch 95 SLA 1977;
1983)

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weighted voting" near the
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nds. (a) Farm use lands
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farm use land be sold, leased, or otherwise disposed of for uses incom-
patible 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 pre-
scribed 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 its 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
January 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 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
revenues lost to it by the operation of this section. (§ 2 ch 118 SLA
1974; am § 1 ch 90 SLA 1974; am § 3 ch 229 SLA 1976; am § 1 ch 66
SLA 1978)

Effect of amendments. — The 1974 comparison impracticable and added sub-
sections (d) and (e).
amendment made such changes in subsec-
tions (b) and (c) as to make a detailed

Legislative history reports. — For adoption of the House Finance Committee letter of intent on the shift of responsibility from the Department of Natural Resources to the Department of Revenue, see 1980 House Journal, pp. 1030, 1143.

ity from the Department of Natural Resources to the Department of Revenue, see 1980 House Journal, pp. 1030, 1143.

Sec. 38.05.037. Zoning regulations in the unorganized borough to facilitate federal land sales.

Opinions of attorney general. — The zoning power vested in the Department of Natural Resources under this section is broad enough to encompass the creation of historical districts as a control over land use, but the exercise of that authority does

not make the property eligible for historic preservation loans under AS 45.98, which is aimed solely at historic districts established by municipalities. January 3, 1980, Op. Att'y Gen.

Article 2. Sale of Lands.

Section	Section
45. Generally	65. Terms of contract of sale
47. [Repealed]	66. [Repealed]
50. Disposal of land for private ownership	67. Veterans preference
55. Auction sale procedures	68. Forest Service permittees' sales preference
57. Disposal of land by lottery	69. Preference to persons for agricultural purposes
58. [Repealed]	
59. Limitation on purchases of agricultural land	

Editor's notes. — For provisions for preferences for occupants of land under a United States Forest Service timber

contract, see ch. 47, SLA 1982 in the 1982 Temporary and Special Acts and Resolves.

Sec. 38.05.045. Generally. All lands owned in fee by the state or to which the state may become entitled, excepting tide, submerged or shorelands, and timber or grazing lands, may be sold as provided in AS 38.05.045 — 38.05.069 and 38.08.010 — 38.08.120. However, this section does not prevent the disposition of lands as provided in AS 38.05.300 — 38.05.348. (§ 1 art IV ch 169 SLA 1959; am § 50 ch 32 SLA 1971; am § 12 ch 85 SLA 1979)

Effect of amendments. — The 1979 amendment added "and 38.08.010 — 38.08.120" to the end of the first sentence.

Sec. 38.05.047. Classification and sale of state land in municipalities.

Repealed by § 45 ch 113 SLA 1981.

Cross references. — For provisions on the land disposal bank containing state land classified for disposal into private ownership, see AS 38.04.020. Editor's notes. — The repealed section derived from § 13, ch. 85, SLA 1979

Sec. 38.05.050. Disposal of land for private ownership. The commissioner, upon the recommendation of the director, shall determine the land to be disposed of for private use. The director shall determine the time and place of disposal. An auction sale, a lottery sale, or a disposal of land for homesites under AS 38.04.020(g)(2)(C) must be held in the municipality that is closest to the land to be sold or disposed of and in which regular sessions of a court of the state are held. (§ 1 art IV ch 169 SLA 1959; am § 1 ch 73 SLA 1978; am § 14 ch 113 SLA 1981)

Effect of amendments. — The 1978 amendment substituted "commissioner, upon recommendation of the director" for "director, with the approval of the commissioner" near the beginning of the former first sentence and added "or an adjacent recording district" to the end of the former third sentence. The 1981 amendment rewrote this section.

Sec. 38.05.055. Auction sale procedures. Under another method of sale is required under AS 38.05.005 — 38.05.370, under AS 38.07.010 — 38.07.060, or under AS 38.08.010 — 38.08.120, the sale of state land shall be made at public auction to the highest qualified bidder as determined by the director. A bidder must appear in person at the auction unless medical reasons, attendance at school, or military service outside the state prevent attendance. A bidder may be represented by an attorney or agent at the auction if the land offered for disposal is commercial, industrial, or agricultural land. An aggrieved bidder may appeal to the commissioner within five days after the sale for a review of the director's determination. The sale shall be conducted by the director or his representative, and at the time of sale the successful bidder shall deposit an amount equal to five percent of the purchase price, or if the purchaser elects to use land discounts granted under AS 38.05.058, five percent of the amount bid after deduction of the discount. The director or his representative shall immediately issue a receipt containing a description of the land or property purchased, the price bid, the amount deposited, and the amount of any discount allowed. The receipt shall be acknowledged in writing by the bidder. (§ 2 art IV ch 169 SLA 1959; am § 9 ch 61 SLA 1960; am § 2 ch 137 SLA 1962; am § 3 ch 176 SLA 1978; am § 14 ch 85 SLA 1979; am § 15 ch 113 SLA 1981)

Effect of amendments. — The 1978 amendment substituted "§§ 67 and 315(d)" for "§ 315(d)" near the beginning of the section.

The 1979 amendment substituted "AS 38.05.057, 38.05.315(d), and AS 38.08, the sale of state land" for "AS 38.05.057 and 38.05.315(d), the sale" in the first sentence.

The 1981 amendment substituted under AS 38.05.005 — 38.05.370, under AS 38.07.010 — 38.07.060, or under "AS 38.05.057, 38.05.315(d), and" at the beginning of the first sentence, added the present second and third sentences, and substituted "five percent" for "one-tenth" preceding "of the purchase price" and added "or if the purchaser elects to use land discounts granted under AS 38.05.058, five percent of the

of unoccupied land is for agricultural purposes, and if he determines that it is in the best interests of the state to sell or lease the land, he shall grant to an Alaskan resident owning and using or leasing and using land for agricultural purposes a 60-day first option after the date of the auction to purchase or lease the unoccupied land situated adjacent to or in the approximate vicinity of his presently held land for the amount of the high bid received at public auction. A parcel of agricultural land sold under this section may not be less than 20 acres and a parcel of agricultural land which is acquired by exercise of the option granted in this subsection may not exceed 320 acres. Agricultural land which is acquired under this section must be used for agricultural purposes as required by law.

(b) If more than one person is eligible for a first option under (a) of this section, the director shall determine priority by granting precedence first to the person who demonstrates the greatest need for the unoccupied land in order to establish an economic unit and, secondly, to the eligible person who occupies land that is most readily accessible to unoccupied land to be sold or leased. In the event that two or more persons have approximately equal qualifications for priority under this section, the director shall grant priority to that person who is a veteran. If more than one person is approximately equally well qualified under this section, the director shall determine priority by lot.

(c) Under this section

(1) the director may convey or lease an interest in the land only for agricultural purposes, and all other interests in the land remain in the state; the sale or lease shall be at public auction;

(2) the remaining interests may subsequently be conveyed or leased by the director only upon the request of the grantee or lessee or his assigns and the determination of the director, with the written concurrence of the commissioner, that the conveyance or lease is in the public interest;

(3) the conveyance or lease of the remaining interests shall be at public auction; the original grantee or lessee or his assigns have a preference right to meet the high bid within 30 days after the day of the auction; if the right is exercised, the value of improvements owned by the holder of the preference right, included with the remaining interests sold, shall be deducted from the purchase price;

(4) by requesting the conveyance or lease of the remaining interest, the original grantee or lessee or his assigns

(A) consents to the sale or lease, and

(B) if the preference right provided by (3) of this subsection is not exercised, consents to sell at fair market value the improvements related to the remaining interest, as appraised by the director;

(F) the remaining interests in the land may not be conveyed or leased for less than their appraised value together with improvements except for the deduction allowed by (3) of this subsection.

(d) When not in conflict with this section, other provisions of AS 38.05.045 — 38.05.105 apply to disposals under this section.

(e) For the purposes of this section,

(1) "agricultural purposes" includes farming, ranching, grazing, and storage or control of agricultural crops or livestock;

(2) "approximate vicinity" includes an area in which the land does not have a common boundary to presently held land or in which the land is physically separated from presently held land by any type of barrier.

(f) Nothing in (c) of this section affects the disposal of minerals under AS 38.05.135 — 38.05.183. (§ 1 ch 97 SLA 1965; am §§ 1, 2 ch 71 SLA 1976; am §§ 4 — 6 ch 57 SLA 1976; am § 30 ch 85 SLA 1979)

Effect of amendments. — The 1979 amendment, in subsection (a), deleted "provided the aggregate number of acres owned and acquired under the option shall not exceed 320 acres; and further provided that the land acquired under this section is used for agricultural purposes as required by law" from the end of the first sentence and added the second and third sentences.

Article 3. Leasing of Lands Other Than for the Extraction of Natural Resources.

Section	Section
70. Generally	95. Subleases
75. Leasing procedures	97. Exemption from rental payments on land leased by nonprofit organizations
77. Classification and disposal of remote parcels	98. Senior citizens exemption
78. Purchase of land in a remote parcel	102. Lessee preference
79. Remote cabin permit	103. Rights of holder of security interest
85. Term of lease	105. Periodic rent adjustments
87. Forest Service permittees' leasing preference	

Sec. 38.05.070. Generally. (a) Land, including tide, submerged or shoreland, to which the state holds title or to which it may become entitled, may be leased, except for the extraction of natural resources, in the manner provided in AS 38.05.070 — 38.05.105

(b) The director, with the approval of the commissioner, shall determine the land to be leased and the limitations, conditions and terms of the lease. If the appraised value of the transaction is \$250 a year or less the director may negotiate a lease without advertisement for a period not to exceed five years, and on the limitations, conditions and terms which he considers are in the best interests of the state. A lease negotiated under this subsection is not eligible for a preference under AS 38.05.102.

(c) A lease may be issued for a period up to 55 years, if it appears to be in the best interests of the state and if the commissioner approves. If the commissioner determines that the land or a part of it which is the subject of a grazing lease is not being used for the purpose issued, the

(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

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.

(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 1983 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

(2) prohibit the resale of land purchased by the initial purchaser until the requirements imposed under (1) of this subsection, if any, are satisfied.

(j) The commissioner may require a participant in a lottery under this section for the sale of land that is part of an agricultural development project under AS 44.33.475 to submit a single application for that land. Immediately following the drawing of an applicant's name in the lottery, the applicant shall be given an opportunity to select for purchase one parcel of the land that is offered in the lottery. The names of alternate applicants shall be drawn after all parcels have been selected. If the applicant who originally selected a parcel unequivocally rejects the offer to purchase the parcel or fails to sign the contract of sale within the period of time specified by the commissioner, the parcel shall be offered for sale to alternate applicants in the order in which their names were drawn. (§ 4 ch 176 SLA 1978; am §§ 15 — 22 ch 85 SLA 1979; am § 16 ch 113 SLA 1981; am § 2 ch 129 SLA 1982; am § 5 ch 103 SLA 1983)

Revisor's notes. — In subsection (a), in the present fifth sentence, a period was added following "representative" and in the present sixth sentence, the word "and" was deleted preceding "an applicant" by the revisor of statutes under AS 01.05.031.

Effect of amendments. — The 1979 amendment, in subsection (a), substituted "commissioner may dispose of land" for "director may sell land" in the first sentence, substituted the language beginning "shall be the fair market value" for "may not be less than the fair market value of that land unless the sale is conducted under the provisions of AS 38.05.035(b)(4)" at the end of the second sentence, added the present third and fourth sentences, and in the former fifth sentence, substituted "commissioner" for "director," inserted "signing a contract of," deleted "with the person conducting the lottery" following "shall deposit," and added the language beginning "or if the purchaser elects" to the end. The amendment also substituted "qualify to participate in a lottery" for "purchase land by lottery" in the introductory language of subsection (b), substituted "one year" for "three years" in paragraph (2) of subsection (b), substituted "lottery participants" for "potential purchasers" in the introductory language of subsection (c), substituted "\$25" for "\$10" in paragraph (2) of subsection (d), substituted "45 days" for "30 days" in paragraph (1) of subsection (e), substituted "AS 38.05.345(e)" for "AS 38.05.345(d)" in paragraph (3) of subsec-

tuted "to be conveyed" for "purchased" and "disposal" for "sale" in the first sentence of subsection (g).

The 1981 amendment deleted "but may not be less than \$400 per acre, or, if the land is limited to use for agricultural purposes, the purchase price may not be less than \$100 per acre" at the end of the second sentence of subsection (a). In subsection (a), the amendment also added the present sixth and seventh sentences and, in the present eighth sentence, substituted "on" for "and at," substituted "day of the lottery" for "time of signing a contract of sale," deleted "discount" preceding "purchase price" and added "after deduction of the discount" following "purchase price."

The 1982 amendment added subsection (j).

The 1983 amendment, effective July 1, 1984, deleted "or if more applications are received for the right to select a remote parcel offered under AS 38.05.077 than the number of remote parcels authorized" following "received for a parcel" in the second sentence of subsection (f).

Editor's notes. — Until July 1, 1984, subsection (f) reads as follows: "(f) If only one application for a parcel is received, the commissioner shall offer the parcel to the applicant who applied for the parcel if the applicant is qualified to participate in the lottery. If more than one application is received for a parcel, or if more applications are received for the right to select a remote parcel offered under AS 38.05.077 than the number of remote parcels authorized

applicant who is entitled to receive a conveyance of the land by lottery. If the commissioner does not receive an application for a parcel of state land or if a purchaser fails to sign a lease agreement or contract of sale, the parcel shall be offered to the first eligible person to apply for the parcel. If the parcel was designated as a homesite and offered to the public under AS 38.05.047(f), the parcel shall be disposed of under the terms required by AS 38.08.010 — 38.08.120."

AS 38.05.047, referred to near the end of subsection (f), was repealed by § 45, ch. 113, SLA 1981.

AS 38.05.055, referred to in (g) of this section, was amended by § 15, ch. 113, SLA 1981. One of the changes was the deletion of language relating to the form of contract. See AS 38.05.065(b) for the terms required in contracts of sale for land sold under this section.

NOTES TO DECISIONS

Quoted in *Gilman v. Martin*, Sup. Ct. Op. No. 2652 (File No. 5937), 662 P.2d 120 (1983); *LeResche v. Lustig*, Sup. Ct. Op. No. 2656 (File No. 6058), P.2d (1983).

Sec. 38.05.058. Land discount program. [Repealed, § 19 ch 87 SLA 1983.]

Sec. 38.05.059. Limitation on purchases of agricultural land. A person may purchase from the state a total of not more than one parcel of land that is part of an agricultural development project under AS 44.33.475 during any eight-year period. (§ 3 ch 129 SLA 1982)

Sec. 38.05.060. Rejection of bids.

NOTES TO DECISIONS

Cited in *State v. University of Alaska*, Sup. Ct. Op. No. 2303 (File No. 4579), 624 P.2d 807 (1981).

Sec. 38.05.065. Terms of contract of sale. (a) The contract of sale for land sold at public auction under AS 38.05.055 shall require the remainder of the purchase price to be paid in monthly, quarterly or annual installments over a period of 20 years, with interest at the prevailing rate for real estate mortgage loans made by the federal land bank for the farm credit district for Alaska at the time the contract is signed. Installment payments plus interest shall be set on the level-payment basis.

(b) The contract of sale for land sold under AS 38.05.057 and under AS 38.05.078 shall require the remainder of the purchase price to be paid in monthly, quarterly, or annual installments over a period of not more than 20 years. Installment payments plus interest shall be set on the level-payment basis. The interest rate to be charged on installment payments is the prevailing rate for real estate mortgage loans made by the federal land bank for the farm credit district for Alaska at the time

discount" in the fifth sentence. The amendment added "the amount deposited" following "the price bid" and added "amount of any discount allowed" in the sixth sentence, substituted "the" for "terms of sale, which" at the beginning of the seventh sentence and deleted the

former eighth sentence which read "A contract of sale on a form approved by the attorney general shall be signed by the purchaser and, after approval of the commissioner, the contract shall also be signed by the director on behalf of the state."

NOTES TO DECISIONS

Cited in *State v. University of Alaska*, Sup. Ct. Op. No. 2303 (File No. 4579), 624 P.2d 807 (1981).

Sec. 38.05.057. Disposal of land by lottery. (a) The commissioner may dispose of land, including land limited to use for agricultural purposes, by lottery. The purchase price of land sold by lottery shall be the fair market value of the land as determined by the commissioner. The commissioner may sell land by lottery for less than the fair market value of the land if he determines that scarcity of land for private use in the area of the land to be sold has resulted in unrealistic land values. Before the commissioner determines the purchase price for land which is located in a municipality and which is to be sold under this section, he shall consult with the assessor of the municipality. The lottery shall be conducted in public by the commissioner or his representative. An applicant may not be selected to purchase land unless he is present on the date and at the place that the lottery is conducted unless medical reasons, attendance at school, or military service outside the state prevent attendance. An applicant may be represented by an agent on the day of the lottery if the land offered for sale is commercial, industrial, or agricultural land. On the day of the lottery a purchaser selected by lot shall deposit an amount equal to five percent of the purchase price, or if the purchaser elects to use land discounts granted under AS 38.05.058, five percent of the purchase price after deduction of the discount.

(b) To qualify to participate in a lottery under (a) of this section, a potential purchaser shall

- (1) at the time of application have attained the age of 18;
- (2) submit proof, as required by regulation, that he has been a resident of the state for not less than one year immediately preceding the date his application was submitted; and
- (3) certify that he has not purchased land at a sale by lottery in the state within eight years immediately preceding the sale date.

(c) The commissioner may adopt regulations under the Administrative Procedure Act (AS 44.62.010 — 44.62.650) which specify qualifications for lottery participants different from those specified in (b) of this section if

- (1) an interest in land limited to agricultural purposes is to be sold

(2) the sale is a part of a program to develop agricultural land as a renewable resource of the state; and

(3) the regulations include residency, skill, experience, and financial requirements necessary to qualify persons who are competent and financially able to develop the land as a successful agricultural enterprise.

(d) To apply for participation in a lottery under this section an applicant shall

(1) certify that he is qualified under the applicable provisions of this section; and

(2) pay a nonrefundable application fee of not more than \$25 for each application.

(e) The director shall accept applications to purchase particular parcels under the following procedures and conditions:

- (1) the application period may not be less than 45 days;
- (2) no application may be accepted less than 15 days before each lottery;
- (3) notice of the application period and the date of the lottery shall be given in accordance with AS 38.05.345(e); and
- (4) the application shall be made on a form provided by the department.

(f) [Effective July 1, 1984] If only one application for a parcel is received, the commissioner shall offer the parcel to the applicant who applied for the parcel if the applicant is qualified to participate in the lottery. If more than one application is received for a parcel, the commissioner shall select the applicant who is entitled to receive a conveyance of the land by lottery. If the commissioner does not receive an application for a parcel of state land or if a purchaser fails to sign a lease agreement or contract of sale, the parcel shall be offered to the first eligible person to apply for the parcel. If the parcel was designated as a homesite and offered to the public under AS 38.05.047(f), the parcel shall be disposed of under the terms required by AS 38.08.

(g) After receiving the deposit required under (a) of this section, the director or his representative shall immediately issue a receipt containing a description of the land or property to be conveyed, the price of the land, and the terms of disposal. The receipt shall be acknowledged in writing by the purchaser. A contract of sale shall be executed in the same form and manner as required under AS 38.05.055.

(h) An aggrieved lottery participant may appeal to the commissioner within five days after the lottery is conducted for a review of the lottery procedures.

(i) The director may include in contracts for sale of land under this section terms which