

COMMITTEE REPORT
SENATE

FURTHER:

4/30/86

Date 5/12/86

Mr. President

The Committee on FINANCE considered CSHB 587(R1s)am relating to general grant land entitlements; efd.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

**MEMBERS SIGNING
DO PASS**

**MEMBERS HAVING
OTHER RECOMMENDATIONS**

Chairman

Chairman recommendation

COMMITTEE REPORT
SENATE

FINANCE

FURTHER:

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Date _____

Mr. President

The Committee on C&RA considered CSHB 587 (R1s) am
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MEMBERS SIGNING
DO PASS

MEMBER
OTHER

Offered: 4/21/86
Referred: Rules

Original sponsor: Adams

1 IN THE HOUSE BY THE RULES COMMITTEE

2 CS FOR HOUSE BILL NO. 587 (Rules) am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to general grant land entitlements;
7 and providing for an effective date."

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

9 * Section 1. AS 29.65 is amended by adding a new section to read:

10 Sec. 29.65.015. DETERMINATION OF ENTITLEMENTS FOR MUNICIPAL-
11 ITIES. The general grant land entitlement of a municipality is 10
12 percent of the maximum total acreage of vacant, unappropriated, unre-
13 served land within its boundaries at any time between the date of its
14 incorporation and two years after the expiration of the state's right
15 to make selections under sec. 6(a) or (b) of the Alaska Statehood Act.
16 By December 31 of each year the director shall determine or update the
17 unfulfilled entitlement for each municipality under this section and
18 certify that entitlement to that municipality.

19 * Sec. 2. AS 29.65 is amended by adding a new section to read:

20 Sec. 29.65.025. LIMITATIONS ON ENTITLEMENTS. (a) A municipal-
21 ity is eligible for only one general grant land entitlement. A munic-
22 ipality that qualifies for an entitlement under AS 29.65.010 and
23 29.65.015 shall receive the larger of the two entitlements.

24 (b) A municipality may not receive a general grant land en-
25 titlement under AS 29.65.010 or 29.65.015 that exceeds 400,000 acres.

26 (c) The following shall be credited toward fulfillment of the
27 general grant land entitlement of a municipality:

28 (1) conveyances of legal title to land by the state to the
29 municipality before January 1, 1987, under a former law;

1 (2) payments for land before January 1, 1987, under former
2 AS 29.18.208;

3 (3) conveyances of legal title to land before January 1,
4 1987, and thereafter under AS 29.65.010;

5 (4) payments for land before January 1, 1987, and there-
6 after under AS 29.65.080;

7 (5) disposals of land to the municipality before January 1,
8 1987, and thereafter under AS 38.05.810 for which the state received
9 less than fair market value.

10 (d) Land classified under AS 38.05.300 for wildlife habitat only
11 may not be selected or conveyed in fulfillment of a general grant land
12 entitlement.

13 (e) In each conveyance of land in fulfillment of a general grant
14 land entitlement, the state shall reserve the right to explore, enter,
15 develop, and occupy the surface as reasonably necessary for access to
16 the mineral estate in accordance with AS 38.05.125.

17 * Sec. 3. AS 29.65.040 is repealed and reenacted to read:

18 Sec. 29.65.040. STATUS OF ENTITLEMENTS. (a) A general grant
19 land entitlement under AS 29.65.010 is a vested property right that
20 must be fulfilled in accordance with AS 29.65.025, 29.65.060, and
21 29.65.080.

22 (b) A general grant land entitlement under AS 29.65.015 is a
23 property right that vests on the date of incorporation of the munici-
24 pality. The entitlement must be fulfilled in accordance with AS 29.-
25 65.025.

26 * Sec. 4. AS 29.65.060(a) is amended to read:

27 (a) If an entitlement determined under AS 29.65.010 or 29.65.015
28 [29.65.020] results in a per capita entitlement for the municipality
29 of less than one and one-half acre, the municipality may select vacant
H

1 school land or mental health land in the municipality in partial
2 fulfillment of its land entitlement under this chapter. School land
3 or mental health land may be selected notwithstanding the fact that
4 this land is not unappropriated and unreserved within the meaning of
5 this chapter and under former AS 29.18.190 and 29.18.200, but each
6 selection of school land or mental health land by a municipality must
7 be vacant, unappropriated, or unreserved land as defined in this
8 chapter, except that it need not be general grant land.

9 * Sec. 5. AS 29.65.060(b) is amended to read:

10 (b) The acreage of school land, university land or mental health
11 land, if any, in a municipality may not be included in the determina-
12 tion of entitlement under AS 29.65.010 or 29.65.015 [29.65.020].

13 * Sec. 6. AS 29.65.060 is amended by adding new subsections to read:

14 (g) Notwithstanding (a) of this section, a municipality may not
15 select school land or mental health land after October 4, 1985.
16 Nothing in this section affects the legal rights of any person with
17 regard to selections of school land or mental health land made by a
18 municipality on or before October 4, 1985.

19 (h) A municipality is entitled to just compensation in the form
20 of land or other payment for a selection made by it under this section
21 or former AS 29.18.206 that was pending or on timely appeal on
22 April 1, 1986, and that cannot be conveyed to the municipality as a
23 result of final judicial action or law, except that no compensation is
24 required for a selection of land by a municipality within a special
25 use area under AS 16 or AS 41 or for a selection of land not qualified
26 to be selected under this section or former AS 29.18.206. Compensa-
27 tion under this subsection shall be credited against the municipal-
28 ity's remaining land entitlement under this chapter.

29 H * Sec. 7. AS 29.65.080(b) is amended to read:

1 (b) A municipality shall receive payment for its land deficiency
2 from the municipal land account. A municipality is eligible to re-
3 ceive payment for land deficiency if, after July 1, 1980, the amount
4 of land selected by a municipality that is physically suitable for
5 residential, commercial, or industrial purposes amounts to less than
6 one-third acre per capita. Any entitlement under AS 29.65.010 that is
7 less than one-third acre per capita will, for the purposes of this
8 subsection, be considered a land deficiency. An unselected remaining
9 entitlement will, for the purpose of deficiency payment under this
10 subsection, be considered as land physically suitable for residential,
11 commercial, or industrial purposes. A municipality eligible under
12 this subsection is entitled to receive a payment for land deficiency
13 equal to \$1,000 per acre for a number of acres equal to the difference
14 between one-third of the population of the municipality less the
15 number of acres physically suitable for residential, commercial or
16 industrial purposes that has been selected by the municipality. For
17 the purpose of this subsection, the population of the municipality
18 shall be the population determined by the commissioner under former
19 AS 43.18.010 for the program year beginning July 1, 1978, for a munic-
20 ipality whose entitlement was determined under former AS 29.18.201 [IN
21 ACCORDANCE WITH AS 29.65. 60(f)]. No payment may be made to a munic-
22 ipality under this subsection in excess of \$9,000,000.

23 * Sec. 8. AS 29.65.080(g) is amended to read:

24 (g) Payments authorized by this section may only [NOT] be made
25 to a municipality [ELIGIBLE] for an entitlement under AS 29.65.010
26 [AS 29.65.020 OR 29.65.030].

27 * Sec. 9. AS 29.65:080 is amended by adding a new subsection to read:

28 (i) Payment under this section shall be made into a municipal
29 land bank or trust account created by ordinance with the purpose of
H

1 applying the payments toward the acquisition of land necessary for
2 public purposes that may be otherwise unavailable to the municipality.

3 * Sec. 10. AS 29.65.130(3) is amended to read:

4 (3) "general grant land"

5 (A) means land patented or tentatively approved to the
6 state from the United States under sec. 6(a) or (b) of the Alaska
7 Statehood Act;

8 (B) does not include mental health land, school land,
9 or university land;

10 * Sec. 11. AS 29.65.130(10) is amended to read:

11 (10) "vacant, unappropriated, unreserved land" means
12 general grant land as defined in (3) of this section, excluding miner-
13 als as required by sec. 6(i) of the Alaska Statehood Act, that

14 (A) has not been set aside by statute for one or more
15 particular uses or purposes;

16 (B) has not been approved for patent to a municipal-
17 ity under this chapter or former AS 29.18.190 and 29.18.200; or

18 (C) is unclassified or, if classified under AS 38.-
19 05.300, is classified for agricultural, grazing, material, public
20 recreation, resource management, settlement, transportation
21 corridor, forestry, or wildlife habitat [COMMERCIAL, INDUSTRIAL,
22 PRIVATE RECREATIONAL, RESIDENTIAL, UTILITY, OR OPEN-TO-ENTRY
23 PURPOSES,] or is classified in accordance with an agreement
24 between a municipality and the state providing for state manage-
25 ment of land of the municipality.

26 * Sec. 12. AS 38.05.321(b) is amended to read:

27 (b) State land classified as agricultural land that has been
28 selected by a municipality under former AS 29.18.190 - 29.18.200 or
29 former AS 29.18.205(e) may be approved by the director for patent
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1 under AS 29.65 [AS 29.65.050(c)]; however, only rights in the land for
2 agricultural purposes may be transferred and all other interests in
3 the land will remain with the state. Agricultural land approved for
4 patent to a municipality shall be credited, acre for acre, toward
5 fulfillment of that municipality's entitlement under AS 29.65 [AS 29.-
6 65.010 - 29.65.030] or former AS 29.18.201 - 29.18.203. If the direc-
7 tor later determines it to be in the best interests of the state to
8 transfer some or all of the additional rights in that approved or
9 patented agricultural land, those rights shall pass without considera-
10 tion to the municipality in which the land is located. The notice and
11 review provisions of AS 38.05.945 are applicable to conveyance of
12 rights under this section.

13 * Sec. 13. AS 38.05.321(c) is amended to read:

14 (c) The provisions of this section do not apply to

15 (1) state land classified as agricultural land that has
16 been selected by a municipality under the provisions of former AS 29.-
17 18.190 - 29.18.200 if the selection is an approved selection before
18 April 1, 1978 and is otherwise valid under former AS 29.65.050(b) or
19 former AS 29.18.205(b); or

20 (2) a quitclaim of the interest of the state to the federal
21 government under AS 38.05.035(b)(9).

22 * Sec. 14. Before January 1, 1987, the Department of Natural Resources
23 shall consult with each municipality affected by this Act regarding classi-
24 fications of state land within its boundaries and may assist the munic-
25 ipality in identifying land suitable for selection in fulfillment of its
26 general grant land entitlement.

27 * Sec. 15. The commissioner of natural resources shall negotiate with
28 and may enter into an agreement to convey state land to a borough or
29 unified municipality whose entitlement under AS 29.65.010 in the
H CSHB 587(R1s) am

1 commissioner's determination cannot be fulfilled by January 1, 1987, if the
2 borough or unified municipality elects in writing before January 1, 1987,
3 to pursue a settlement of that existing entitlement. The commissioner has
4 authority under this section to convey state land without regard as to
5 whether the land is vacant, unappropriated, unreserved land as defined
6 under AS 29.65.130(10) if the commissioner determines, after public notice,
7 that the land lies outside the smallest practicable tract of land actually
8 used in connection with the administration of a state function on July 1,
9 1986, except the commissioner may not convey land owned by another state
10 agency without its consent. Land conveyed to a borough or a unified munic-
11 ipality under an agreement entered into under this section may constitute
12 complete fulfillment of the municipality's general grant land entitlement
13 as specified in the agreement and agreed to by both parties. Conveyances
14 under an agreement entered into under this section may contain no reserva-
15 tions or conditions that are not required to be imposed by law, except
16 those restrictions or conditions mutually agreed upon by the parties.

17 * Sec. 16. AS 29.65.010(b), 29.65.020, 29.65.030, 29.65.050, 29.65.-
18 080(h) and 29.65.110 are repealed.

19 * Sec. 17. Section 6 of this Act is retroactive to October 4, 1985.

20 * Sec. 18. Sections 6, 14, 15, and 17 of this Act take effect immedi-
21 ately in accordance with AS 01.10.070(c).

22 * Sec. 19. Sections 1 - 5, 7 - 13, and 16 of this Act take effect
23 January 1, 1987.

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COMMITTEE COPY

**STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE**

Revision Date: 4/10/86

REQUEST Page 1 of 2
 Bill/Resolution No.: CSHB 587 (Fin)
 Title: Municipal land entitlements

 Sponsor: Adams
 Requestor: House Finance Committee
 Date of Request: 4/10/86

FISCAL DETAIL
 Agency Affected: DNR
 BRU: Land & Water Management

 Components: _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES		34.6	---	---	---	---
TRAVEL		5.0	---	---	---	---
CONTRACTUAL		10.0	---	---	---	---
SUPPLIES		0	---	---	---	---
EQUIPMENT		0	---	---	---	---
LAND & STRUCTURES		0	---	---	---	---
GRANTS, CLAIMS		0	---	---	---	---
MISCELLANEOUS		0	---	---	---	---
TOTAL OPERATING		49.6	---	---	---	---
CAPITAL			---	---	---	---
REVENUE			---	---	---	---

FUNDING : (Thousands of Dollars)

GENERAL FUND		49.6	---	---	---	---
FEDERAL FUNDS			---	---	---	---
OTHER			---	---	---	---
TOTAL		49.6	---	---	---	---

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

See Attached Analysis

Prepared by: Al Adams, Chair *APA* Phone: 465-3706
 Division: House Finance Committee Date: 4/10/86

Approved by Commissioner: _____ Date: _____
 Agency: _____

Distribution (by Agency preparing fiscal note):

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

ANALYSIS OF CS HB 587 (FIN) FISCAL NOTE

FY 87:

Page 2 of 2

Personal Services

Natural Resources Technician I -- 12 months \$ 34.6
(To coordinate duties associated with
selecting and determining entitlements)

Travel

To meet with communities to facilitate \$ 5.0
determination and conveyance of entitlements

Contractual

To cover cost of notification process, maps, \$ 10.0
plats, etc. required to adjudicate land
selections and determine entitlements

TOTAL \$ 49.6

In addition to the \$50.6 provided here, adjustments may be made to the FY 87 DNR budget. Positions that currently do land conveyance only, may also participate in the entitlement process provided for in this bill.

FUTURE FISCAL YEARS:

There will be diminishing costs in future years. The actual amount needed each year will depend on the pace of selection, determination, conveyance, etc. These costs will be determined in the annual budget process.

ALASKA STATE LEGISLATURE

14th Legislature SECOND Session

HOUSE BILL NO. 587

By ADAMS

"An Act relating to municipal land entitlements; and providing for an effective date."

CSHB 587 (RULES) BY RULES

introduced: 4/21/86
referred: Rules

"An Act relating to general grant land entitlements; and providing for an effective date."

municipal land entitlements

Introduced in the House 2/14, 1986

HISTORY IN THE HOUSE

19 86	Feb 14	Read first time and referred to Committee on CSEA AND FINANCE
	Mar 24	Reported back with recommendation that CSEA - CSEA - 3dp, 271R To Finance
	Apr 15	Finance - CSEA, 3dp, 5NR "Needs further" to Rules
	Apr 21	Rules - CSEA - 4dp. 2 Rules
	Apr 28	Read second time and CSEA adopted & amended Did not advance to 3rd
	Apr 29	Read third time and
	Apr 29	PASS ed Effective Date Yeas 39 Nays 0 Absent 1 Excused 0
		Reconsideration PASS Effective Date Yeas Nays Absent Excused
	4/29	Reported correctly engrossed
	4/29	Signed by Speaker
	4/29	Sent to Senate
		CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

1986	4/30	Read first time and referred to Committee on CSEA AND FINANCE
	4/30	Reported back with recommendation that
		Read second time and
		Read third time and
		PASS Effective Date Yeas Nays Absent Excused
		Reconsideration PASS Effective Date Yeas Nays Absent Excused
		Reported correctly engrossed
		Signed by President
		Returned to House
		SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19	Received from Senate
	Concurred in Senate amendment thus adopting: VOTE
	Failed to concur in Senate amendment; asked Senate to recede VOTE
	Senate receded from amendment VOTE
	Senate failed to recede from amendment VOTE
	CC appointed by House
	CC appointed by Senate
	CC adopted by House VOTE
	CC adopted by Senate VOTE
	To enrolling Reported correctly enrolled Sent to Governor by Governor
	Filed with Lt. Governor
	Chapter No.

SB 414
Federal State
of Department #116

**STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE**

Revision Date : 5/11/86

REQUEST

Bill/Resolution No. : SCS CSHB 587 (Fin)
 Title : General Grant Land
Entitlements

Sponsor : Adams
 Requestor : Sen Finance
 Date of Request : 5/11/86

FISCAL DETAIL

Agency Affected : Natural Resources
 BRU : Land and Water

Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES		117.2	117.2	117.2	117.2	117.2
TRAVEL		12.0	12.0	12.0	12.0	12.0
CONTRACTUAL		21.0	21.0	21.0	21.0	21.0
SUPPLIES		.3	.3	.3	.3	.3
EQUIPMENT		.9	.9	.9	.9	.9
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		151.4	151.4	151.4	151.4	151.4

CAPITAL			*	*	*	*
---------	--	--	---	---	---	---

REVENUE						
---------	--	--	--	--	--	--

FUNDING : (Thousands of Dollars)

GENERAL FUND		151.4	151.4	151.4	151.4	151.4
FEDERAL FUNDS						
OTHER						
TOTAL		151.4	151.4	151.4	151.4	151.4

POSITIONS :

FULL-TIME		3	3	3	3	3
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

See attached page for explanation of operating and potential capital costs.

Prepared by : Tom Hawkins Phone : 465-2400
 Division : Land and Water Management Date : 5/11/86

Approved by Commissioner : N.S. Furbush Date : 5/11/86
 Agency : Natural Resources

Distribution (by Agency preparing fiscal note):

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

SCS CS HB 587 (Fin) ^{5/12/86}
- by Halford

Failed to be

reported out
of SFC

VOTE

3 (JF, RH, PF) - Favor

3 (JS, JK, DE) - Opposed

1 (FF) - Abstain

(in CSSB 414 (Res))

Attachment to fiscal note for SCS CSHB 587 (Fin)
Department of Natural Resources
May 11, 1986

OPERATING COSTS

The bill requires the department to consult with municipalities on state land classifications within their boundaries, inform each municipality yearly of its entitlement, conduct title examinations and public/agency review of conveyances, and convey acreage.

The department cannot fulfill these obligations under its current budget, which includes reductions of personnel in the land conveyances section (seven positions).

Two natural resource officers and one natural resource technician will be employed in the regional offices to carry out the municipal entitlements program.

Contractual funds will be used for publications, special services, appraisals, survey, public notice.

CAPITAL COSTS

The state will incur a potential obligation under the terms of the bill which require "just compensation" by the state of any municipality which is denied selections of mental health, school, or university land by statutory or judicial action and which is not able to fulfill its entitlement as of January 1987.

At this time Anchorage is the only municipality considered by the department to conform to these conditions. Valid mental health, school, and university land selections have not been appraised but are thought to be valuable because of their urban nature and development qualities. Within the department the staff have estimated roundly that the total value of these outstanding selections may total \$20-40 million.

If any of these selections are not conveyed as a result of statutory or judicial action, the state will be obligated to provide "just compensation" for those parcels not conveyed. If "just compensation" is determined to be equal value in land or money, the state will be required to compensate for the appraised value of the selections. If "just compensation" is determined to be equal acreage, the state will have to find equal acreage to convey to the municipality.

At this time the state and the Municipality are negotiating an agreement to settle the Municipality's outstanding entitlement. Among the state's and Anchorage's stated policy objectives in the negotiations has been acquisition of the Eagle River Greenbelt (valued by different parties

Attachment cont.

at between \$8 million and \$40 million). The department and Anchorage have discussed the possibility of including in the agreement that the state will compensate Anchorage for uncoveyed selections by acquiring the Greenbelt. This could be accomplished either by land exchange (which under AS 38.50 would require legislative approval because the value exceeds \$5 million) or by purchase, which also would require legislative approval in the form of an appropriation.

If the "just compensation" obligation is exercised this would be the limit of the capital cost of the bill.

Halford
Cook
5/11/86 ✓

Original sponsor: Adams

1 IN THE HOUSE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 587 ()

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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7 and providing for an effective date."

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12 percent of the maximum total acreage of vacant, unappropriated, unre-
13 served land within its boundaries at any time between the date of its
14 incorporation and two years after the expiration of the state's right
15 to make selections under sec. 6(a) or (b) of the Alaska Statehood Act.
16 By December 31 of each year the director shall determine or update the
17 unfulfilled entitlement for each municipality under this section and
18 certify that entitlement to that municipality.

19 * Sec. 2. AS 29.65 is amended by adding a new section to read:

20 Sec. 29.65.025. LIMITATIONS ON ENTITLEMENTS. (a) A municipal-
21 ity is eligible for only one general grant land entitlement. A munic-
22 ipality that qualifies for an entitlement under AS 29.65.010 and
23 29.65.015 shall receive the larger of the two entitlements. However,
24 - land may not be conveyed to a municipality under AS 29.65.015 that
25 exceeds the amount of acreage listed under AS 29.65.010 until the
26 commissioner of natural resources has approved selections or issued
27 patents amounting to at least 90 percent of the amount of the entitle-
28 ment under AS 29.65.010 for each listed municipality. This limitation
29 does not apply to conveyance of a small parcel for a specific public

1 purpose if the commissioner of natural resources finds that the con-
2 veyance will serve a public interest.] *New language*

3 (b) A municipality may not receive a general grant land en-
4 titlement under AS 29.65.010 or 29.65.015 that exceeds 400,000 acres.

5 (c) The following shall be credited toward fulfillment of the
6 general grant land entitlement of a municipality:

7 (1) conveyances of legal title to land by the state to the
8 municipality before January 1, 1987, under a former law;

9 (2) payments for land before January 1, 1987, under former
10 AS 29.18.208;

11 (3) conveyances of legal title to land before January 1,
12 1987, and thereafter under AS 29.65.010;

13 (4) payments for land before January 1, 1987, and there-
14 after under AS 29.65.080;

15 (5) disposals of land to the municipality before January 1,
16 1987, and thereafter under AS 38.05.810 for which the state received
17 less than market value;

18 (6) other conveyances of land by the state to the munici-
19 pality.

20 (d) In each conveyance of land in fulfillment of a general grant
21 land entitlement, the state shall reserve the right to explore, enter,
22 develop, and occupy the surface as reasonably necessary for access to
23 the mineral estate in accordance with AS 38.05.125.

24 (e) Conveyances of land under this chapter are subject to
25 AS 38.05.035(e).

26 (f) Nothing in this section affects the legal rights of a munic-
27 ipality or person with regard to selections of school land, university
28 land, or mental health land made by a municipality on or before
29 October 4, 1985.

1 * Sec. 3. AS 29.65.040 is repealed and reenacted to read:

2 Sec. 29.65.040. STATUS OF ENTITLEMENTS. (a) A general grant
3 land entitlement under AS 29.65.010 is a vested property right that
4 must be fulfilled in accordance with AS 29.65.025, 29.65.060, and
5 29.65.080.

6 (b) A general grant land entitlement under AS 29.65.015 is a
7 property right that vests on the date of incorporation of the munici-
8 pality. The entitlement must be fulfilled in accordance with AS 29.-
9 65.025.

10 * Sec. 4. AS 29.65.060(a) is amended to read:

11 (a) If an entitlement determined under AS 29.65.010 or 29.65.015
12 [29.65.020] results in a per capita entitlement for the municipality
13 of less than one and one-half acre, the municipality may select vacant
14 school land or mental health land in the municipality in partial
15 fulfillment of its land entitlement under this chapter. School land
16 or mental health land may be selected notwithstanding the fact that
17 this land is not unappropriated and unreserved within the meaning of
18 this chapter and under former AS 29.18.190 and 29.18.200, but each
19 selection of school land or mental health land by a municipality must
20 be vacant, unappropriated, or unreserved land as defined in this
21 chapter, except that it need not be general grant land.

22 * Sec. 5. AS 29.65.060(b) is amended to read:

23 (b) The acreage of school land, university land or mental health
24 land, if any, in a municipality may not be included in the determina-
25 tion of entitlement under AS 29.65.010 or 29.65.015 [29.65.020].

26 * Sec. 6. AS 29.65.060 is amended by adding new subsections to read:

27 (g) Notwithstanding (a) of this section, a municipality may not
28 select school land or mental health land after October 4, 1985.

29 (h) Nothing in this section affects the legal rights of a

1 municipality or person with regard to selections of school land,
2 university land, or mental health land made by a municipality on or
3 before October 4, 1985.

4 * Sec. 7. AS 29.65.060 is amended by adding a new subsection to read:

5 (i) A municipality that may enter into an agreement under
6 sec. 16 of this Act is entitled to just compensation in the form of
7 land or other payment for a selection made by it under this section or
8 former AS 29.18.206 (ch. 180, SLA 1978) that was pending or on timely
9 appeal on April 1, 1986, and that cannot be conveyed to the municipal-
10 ity as a result of final judicial action or law, except that compen-
11 sation is not required for a selection of land by a municipality
12 within a special use area under AS 16 or AS 41 or for a selection of
13 land not qualified to be selected under this section or former AS 29.-
14 18.206. Compensation under this subsection shall be credited against
15 the municipality's remaining land entitlement under this chapter.

16 * Sec. 8. AS 29.65.080(g) is amended to read:

17 (g) Payments authorized by this section may only [NOT] be made
18 to a municipality [ELIGIBLE] for an entitlement under AS 29.65.010
19 [AS 29.65.020 OR 29.65.030].

20 * Sec. 9. AS 29.65.080 is amended by adding a new subsection to read:

21 (i) Payment under this section shall be made into a municipal
22 land bank or trust account created by ordinance with the purpose of
23 applying the payments toward the acquisition of land necessary for
24 public purposes that may be otherwise unavailable to the municipality.

25 * Sec. 10. AS 29.65.090 is amended by adding a new subsection to read:

26 (b) Notwithstanding (a) of this section, a municipality may not
27 enter into an agreement to exchange land it received in fulfillment or
28 partial fulfillment of its general grant land entitlement for an
29 interest in more than 640 acres of subsurface or mineral estate unless

1 the agreement is approved by law.

2 * Sec. 11. AS 29.65.130(3) is amended to read:

3 (3) "general grant land" .

4 (A) means land patented or tentatively approved to the
5 state from the United States under sec. 6(a) or (b) of the Alaska
6 Statehood Act;

7 (B) does not include mental health land, school land,
8 or university land;

9 * Sec. 12. AS 29.65.130(10) is amended to read:

10 (10) "vacant, unappropriated, unreserved land" means
11 general grant land as defined in (3) of this section, excluding miner-
12 als as required by sec. 6(i) of the Alaska Statehood Act, that

13 (A) has not been set aside by statute for one or more
14 particular uses or purposes;

15 (B) has not been approved for patent to a municipal-
16 ity under this chapter or former AS 29.18.190 and 29.18.200; or

17 (C) is unclassified or, if classified under AS 38.-
18 05.300, is classified for agricultural, grazing, public recre-
19 ation, resource management, settlement, forestry, or wildlife
20 habitat [COMMERCIAL, INDUSTRIAL, PRIVATE RECREATIONAL, RESIDEN-
21 TIAL, UTILITY, OR OPEN-TO-ENTRY PURPOSES,] or is classified in
22 accordance with an agreement between a municipality and the state
23 providing for state management of land of the municipality.

24 -* Sec. 13. AS 38.05.321(b) is amended to read:

25 (b) State land classified as agricultural land that has been
26 selected by a municipality under former AS 29.18.190 - 29.18.200 or
27 former AS 29.18.205(e) may be approved by the director for patent
28 under AS 29.65 [AS 29.65.050(c)]; however, only rights in the land for
29 agricultural purposes may be transferred and all other interests in

1 the land will remain with the state. Agricultural land approved for
2 patent to a municipality shall be credited, acre for acre, toward
3 fulfillment of that municipality's entitlement under AS 29.65 [AS 29.-
4 65.010 - 29.65.030] or former AS 29.18.201 - 29.18.203. If the direc-
5 tor later determines it to be in the best interests of the state to
6 transfer some or all of the additional rights in that approved or
7 patented agricultural land, those rights shall pass without considera-
8 tion to the municipality in which the land is located. The notice and
9 review provisions of AS 38.05.945 are applicable to conveyance of
10 rights under this section.

11 * Sec. 14. AS 38.05.321(c) is amended to read:

12 (c) The provisions of this section do not apply to

13 (1) state land classified as agricultural land that has
14 been selected by a municipality under the provisions of former AS 29.-
15 18.190 - 29.18.200 if the selection is an approved selection before
16 April 1, 1978 and is otherwise valid under former AS 29.65.050(b) or
17 former AS 29.18.205(b); or

18 (2) a quitclaim of the interest of the state to the federal
19 government under AS 38.05.035(b)(9).

20 * Sec. 15. Before January 1, 1987, the Department of Natural Resources
21 shall consult with each municipality affected by this Act regarding classi-
22 fications of state land within its boundaries and may assist the munic-
23 ipality in identifying land suitable for selection in fulfillment of its
24 general grant land entitlement.

25 * Sec. 16. The commissioner of natural resources shall negotiate with
26 and may enter into an agreement to convey state land to a borough or uni-
27 fied municipality whose entitlement under AS 29.65.010 in the commis-
28 sioner's determination cannot be fulfilled by January 1, 1987, if the
29 borough or unified municipality elects in writing before January 1, 1987,

1 to pursue a settlement of that existing entitlement. The commissioner has
2 authority under this section to convey state land without regard as to
3 whether the land is vacant, unappropriated, unreserved land as defined
4 under AS 29.65.130(10) if the commissioner determines, after public notice,
5 that the land lies outside the smallest practicable tract of land actually
6 used in connection with the administration of a state function on July 1,
7 1986. However, the commissioner may not convey land owned by another state
8 agency without its consent or land within the boundaries of a municipality
9 to another municipality ~~before consulting with~~ ^{without the approval of} the municipality in which
10 the land is located. Land conveyed to a borough or a unified municipality
11 under an agreement entered into under this section may constitute complete
12 fulfillment of the municipality's general grant land entitlement as speci-
13 fied in the agreement and agreed to by both parties. Conveyances under an
14 agreement entered into under this section may not contain reservations or
15 conditions that are not required to be imposed by law, except restrictions
16 or conditions agreed upon by the parties.

17 * Sec. 17. AS 29.65.010(b), 29.65.020, 29.65.030, 29.65.050, 29.65.-
18 080(h) and 29.65.110 are repealed.

19 * Sec. 18. Section 6 of this Act is retroactive to October 4, 1985.

20 * Sec. 19. Sections 6, 15, 16, and 18 of this Act take effect immedi-
21 ately in accordance with AS 01.10.070(c).

22 * Sec. 20. Sections 1 - 5, 7 - 14, and 17 of this Act take effect
23 January 1, 1987.

**STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE**

Revision Date : 4/10/86

REQUEST Page 1 of 2

Bill/Resolution No. : CSHB 587 (Fin)
 Title : Municipal land entitlements

Sponsor : Adams
 Requestor : House Finance Committee
 Date of Request : 4/10/86

FISCAL DETAIL

Agency Affected : DNR
 BRU : Land & Water Management

Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES		34.6	---	---	---	---
TRAVEL		5.0	---	---	---	---
CONTRACTUAL		10.0	---	---	---	---
SUPPLIES		0	---	---	---	---
EQUIPMENT		0	---	---	---	---
LAND & STRUCTURES		0	---	---	---	---
GRANTS, CLAIMS		0	---	---	---	---
MISCELLANEOUS		0	---	---	---	---
TOTAL OPERATING		49.6	---	---	---	---

CAPITAL			---	---	---	---
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REVENUE			---	---	---	---
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FUNDING : (Thousands of Dollars)

GENERAL FUND		49.6	---	---	---	---
FEDERAL FUNDS			---	---	---	---
OTHER			---	---	---	---
TOTAL		49.6	---	---	---	---

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

See Attached Analysis

APA

Prepared by : Al Adams, Chair Phone : 465-3706
 Division : House Finance Committee Date : 4/10/86

Approved by Commissioner : _____ Date : _____
 Agency : _____

Distribution (by Agency preparing fiscal note) :

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

Offered: 4/21/86
Referred: Rules

Original sponsor: Adams

1 IN THE HOUSE BY THE RULES COMMITTEE
2 CS FOR HOUSE BILL NO. 587 (Rules) am
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - SECOND SESSION
5 A BILL

6 For an Act entitled: "An Act relating to general grant land entitlements;
7 and providing for an effective date."

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

9 * Section 1. AS 29.65 is amended by adding a new section to read:

10 Sec. 29.65.015. DETERMINATION OF ENTITLEMENTS FOR MUNICIPAL-
11 ITIES. The general grant land entitlement of a municipality is 10
12 percent of the maximum total acreage of vacant, unappropriated, unre-
13 served land within its boundaries at any time between the date of its
14 incorporation and two years after the expiration of the state's right
15 to make selections under sec. 6(a) or (b) of the Alaska Statehood Act.
16 By December 31 of each year the director shall determine or update the
17 unfulfilled entitlement for each municipality under this section and
18 certify that entitlement to that municipality.

19 * Sec. 2. AS 29.65 is amended by adding a new section to read:

20 Sec. 29.65.025. LIMITATIONS ON ENTITLEMENTS. (a) A municipal-
21 ity is eligible for only one general grant land entitlement. A munic-
22 ipality that qualifies for an entitlement under AS 29.65.010 and
23 29.65.015 shall receive the larger of the two entitlements.

24 (b) A municipality may not receive a general grant land en-
25 titlement under AS 29.65.010 or 29.65.015 that exceeds 400,000 acres.

26 (c) The following shall be credited toward fulfillment of the
27 general grant land entitlement of a municipality:

28 (1) conveyances of legal title to land by the state to the
29 municipality before January 1, 1987, under a former law;

1 (2) payments for land before January 1, 1987, under former
2 AS 29.18.208;

3 (3) conveyances of legal title to land before January 1,
4 1987, and thereafter under AS 29.65.010;

5 (4) payments for land before January 1, 1987, and there-
6 after under AS 29.65.080;

7 (5) disposals of land to the municipality before January 1,
8 1987, and thereafter under AS 38.05.810 for which the state received
9 less than fair market value.

10 (d) Land classified under AS 38.05.300 for wildlife habitat only
11 may not be selected or conveyed in fulfillment of a general grant land
12 entitlement.

13 (e) In each conveyance of land in fulfillment of a general grant
14 land entitlement, the state shall reserve the right to explore, enter,
15 develop, and occupy the surface as reasonably necessary for access to
16 the mineral estate in accordance with AS 38.05.125.

17 * Sec. 3. AS 29.65.040 is repealed and reenacted to read:

18 Sec. 29.65.040. STATUS OF ENTITLEMENTS. (a) A general grant
19 land entitlement under AS 29.65.010 is a vested property right that
20 must be fulfilled in accordance with AS 29.65.025, 29.65.060, and
21 29.65.080.

22 (b) A general grant land entitlement under AS 29.65.015 is a
23 property right that vests on the date of incorporation of the munici-
24 pality. The entitlement must be fulfilled in accordance with AS 29.-
25 65.025.

26 * Sec. 4. AS 29.65.060(a) is amended to read:

27 (a) If an entitlement determined under AS 29.65.010 or 29.65.015
28 [29.65.020] results in a per capita entitlement for the municipality
29 of less than one and one-half acre, the municipality may select vacant

1 school land or mental health land in the municipality in partial
2 fulfillment of its land entitlement under this chapter. School land
3 or mental health land may be selected notwithstanding the fact that
4 this land is not unappropriated and unreserved within the meaning of
5 this chapter and under former AS 29.18.190 and 29.18.200, but each
6 selection of school land or mental health land by a municipality must
7 be vacant, unappropriated, or unreserved land as defined in this
8 chapter, except that it need not be general grant land.

9 * Sec. 5. AS 29.65.060(b) is amended to read:

10 (b) The acreage of school land, university land or mental health
11 land, if any, in a municipality may not be included in the determina-
12 tion of entitlement under AS 29.65.010 or 29.65.015 [29.65.020].

13 * Sec. 6. AS 29.65.060 is amended by adding new subsections to read:

14 (g) Notwithstanding (a) of this section, a municipality may not
15 select school land or mental health land after October 4, 1985.
16 Nothing in this section affects the legal rights of any person with
17 regard to selections of school land or mental health land made by a
18 municipality on or before October 4, 1985.

19 (h) A municipality is entitled to just compensation in the form
20 of land or other payment for a selection made by it under this section
21 or former AS 29.18.206 that was pending or on timely appeal on
22 April 1, 1986, and that cannot be conveyed to the municipality as a
23 result of final judicial action or law, except that no compensation is
24 required for a selection of land by a municipality within a special
25 use area under AS 16 or AS 41 or for a selection of land not qualified
26 to be selected under this section or former AS 29.18.206. Compensa-
27 tion under this subsection shall be credited against the municipal-
28 ity's remaining land entitlement under this chapter.

29 * Sec. 7. AS 29.65.080(b) is amended to read:

1 (b) A municipality shall receive payment for its land deficiency
2 from the municipal land account. A municipality is eligible to re-
3 ceive payment for land deficiency if, after July 1, 1980, the amount
4 of land selected by a municipality that is physically suitable for
5 residential, commercial, or industrial purposes amounts to less than
6 one-third acre per capita. Any entitlement under AS 29.65.010 that is
7 less than one-third acre per capita will, for the purposes of this
8 subsection, be considered a land deficiency. An unselected remaining
9 entitlement will, for the purpose of deficiency payment under this
10 subsection, be considered as land physically suitable for residential,
11 commercial, or industrial purposes. A municipality eligible under
12 this subsection is entitled to receive a payment for land deficiency
13 equal to \$1,000 per acre for a number of acres equal to the difference
14 between one-third of the population of the municipality less the
15 number of acres physically suitable for residential, commercial or
16 industrial purposes that has been selected by the municipality. For
17 the purpose of this subsection, the population of the municipality
18 shall be the population determined by the commissioner under former
19 AS 43.18.010 for the program year beginning July 1, 1978, for a munic-
20 ipality whose entitlement was determined under former AS 29.18.201 [IN
21 ACCORDANCE WITH AS 29.65.060(f)]. No payment may be made to a munic-
22 ipality under this subsection in excess of \$9,000,000.

23 * Sec. 8. AS 29.65.080(g) is amended to read:

24 (g) Payments authorized by this section may only [NOT] be made
25 to a municipality [ELIGIBLE] for an entitlement under AS 29.65.010
26 [AS 29.65.020 OR 29.65.030].

27 * Sec. 9. AS 29.65.080 is amended by adding a new subsection to read:

28 (i) Payment under this section shall be made into a municipal
29 land bank or trust account created by ordinance with the purpose of

1 applying the payments toward the acquisition of land necessary for
2 public purposes that may be otherwise unavailable to the municipality.

3 * Sec. 10. AS 29.65.130(3) is amended to read:

4 (3) "general grant land"

5 (A) means land patented or tentatively approved to the
6 state from the United States under sec. 6(a) or (b) of the Alaska
7 Statehood Act;

8 (B) does not include mental health land, school land,
9 or university land;

10 * Sec. 11. AS 29.65.130(10) is amended to read:

11 (10) "vacant, unappropriated, unreserved land" means
12 general grant land as defined in (3) of this section, excluding miner-
13 als as required by sec. 6(i) of the Alaska Statehood Act, that

14 (A) has not been set aside by statute for one or more
15 particular uses or purposes;

16 (B) has not been approved for patent to a municipal-
17 ity under this chapter or former AS 29.18.190 and 29.18.200; or

18 (C) is unclassified or, if classified under AS 38.-
19 05.300, is classified for agricultural, grazing, material, public
20 recreation, resource management, settlement, transportation
21 corridor, forestry, or wildlife habitat [COMMERCIAL, INDUSTRIAL,
22 PRIVATE RECREATIONAL, RESIDENTIAL, UTILITY, OR OPEN-TO-ENTRY
23 PURPOSES,] or is classified in accordance with an agreement
24 between a municipality and the state providing for state manage-
25 ment of land of the municipality.

26 * Sec. 12. AS 38.05.321(b) is amended to read:

27 (b) State land classified as agricultural land that has been
28 selected by a municipality under former AS 29.18.190 - 29.18.200 or
29 former AS 29.18.205(e) may be approved by the director for patent

1 under AS 29.65 [AS 29.65.050(c)]; however, only rights in the land for
2 agricultural purposes may be transferred and all other interests in
3 the land will remain with the state. Agricultural land approved for
4 patent to a municipality shall be credited, acre for acre, toward
5 fulfillment of that municipality's entitlement under AS 29.65 [AS 29.-
6 65.010 - 29.65.030] or former AS 29.18.201 - 29.18.203. If the direc-
7 tor later determines it to be in the best interests of the state to
8 transfer some or all of the additional rights in that approved or
9 patented agricultural land, those rights shall pass without considera-
10 tion to the municipality in which the land is located. The notice and
11 review provisions of AS 38.05.945 are applicable to conveyance of
12 rights under this section.

13 * Sec. 13. AS 38.05.321(c) is amended to read:

14 (c) The provisions of this section do not apply to

15 (1) state land classified as agricultural land that has
16 been selected by a municipality under the provisions of former AS 29.-
17 18.190 - 29.18.200 if the selection is an approved selection before
18 April 1, 1978 and is otherwise valid under former AS 29.65.050(b) or
19 former AS 29.18.205(b); or

20 (2) a quitclaim of the interest of the state to the federal
21 government under AS 38.05.035(b)(9).

22 * Sec. 14. Before January 1, 1987, the Department of Natural Resources
23 shall consult with each municipality affected by this Act regarding classi-
24 fications of state land within its boundaries and may assist the munic-
25 ipality in identifying land suitable for selection in fulfillment of its
26 general grant land entitlement.

27 * Sec. 15. The commissioner of natural resources shall negotiate with
28 and may enter into an agreement to convey state land to a borough or
29 unified municipality whose entitlement under AS 29.65.010 in the

1 commissioner's determination cannot be fulfilled by January 1, 1987, if the
2 borough or unified municipality elects in writing before January 1, 1987,
3 to pursue a settlement of that existing entitlement. The commissioner has
4 authority under this section to convey state land without regard as to
5 whether the land is vacant, unappropriated, unreserved land as defined
6 under AS 29.65.130(10) if the commissioner determines, after public notice,
7 that the land lies outside the smallest practicable tract of land actually
8 used in connection with the administration of a state function on July 1,
9 1986, except the commissioner may not convey land owned by another state
10 agency without its consent. Land conveyed to a borough or a unified munic-
11 ipality under an agreement entered into under this section may constitute
12 complete fulfillment of the municipality's general grant land entitlement
13 as specified in the agreement and agreed to by both parties. Conveyances
14 under an agreement entered into under this section may contain no reserva-
15 tions or conditions that are not required to be imposed by law, except
16 those restrictions or conditions mutually agreed upon by the parties.

17 * Sec. 16. AS 29.65.010(b), 29.65.020, 29.65.030, 29.65.050, 29.65.-
18 080(h) and 29.65.110 are repealed.

19 * Sec. 17. Section 6 of this Act is retroactive to October 4, 1985.

20 * Sec. 18. Sections 6, 14, 15, and 17 of this Act take effect immedi-
21 ately in accordance with AS 01.10.070(c).

22 * Sec. 19. Sections 1 - 5, 7 - 13, and 16 of this Act take effect
23 January 1, 1987.