

S B

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STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

<i>House State Affairs</i>	<i>4-29-88</i>	<i>3:00p.m.</i>
	<i>5-3-88</i>	<i>3:00p.m.</i>

HOUSE STATE AFFAIRS COMMITTEE

NEXT COMMITTEE: RESOURCES

BILL: SB 11

CURRENT VERSION: CS SB 11 (FIN)

SCHEDULED: MAY 4, 1988

SPONSOR: COGHILL

PHONE NO: 4745

CONTACT FILE: _____

BILL SUBJECT: CONVEYANCE OF FIVE-ACRE HOMESITE ON AGRICULTURAL LAND

SPONSOR BACKUP: IN FILES

AFFECTED AGENCIES:

<u>DEPARTMENT</u>	<u>CONTACT/PHONE</u>	<u>COMMENT</u>
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NATURAL RES.	SHARON BARTON/2406	
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FISCAL NOTES

<u>AGENCY</u>	<u>REQUESTED</u>	<u>DATED</u>	<u>FY 88 AMT</u>	<u>FY 89 AMT</u>
DNR		3/19/88	-0-	\$79,000

ACTION

<u>DATE</u>	<u>COMMENT</u>
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4/29/88	HEARING -- HELD FOR CS
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5/4/88	HCS ADOPTED AND PASSED FROM COMMITTEE
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Official Business

Alaska State Legislature

House

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

TO: House State Affairs Committee

FROM: Representative Fran Ulmer, Chair
House State Affairs

DATE: May 4, 1988

RE: Committee Substitute for SB 11(SA) Work Draft

Several concerns have been raised by legislators, the public, state agencies and Alaska Housing Finance Corporation regarding SB 11.

The CS for SB 11(SA) is designed to address the above concerns but still maintain the intent of the original bill. The amendments to SB 11 are discussed below:

1) Purchase of a fee simple homesite not to exceed five acres.

Provides more flexibility in tract size so that existing homesites can be accommodated.

2) The buyer be in "good standing".

Allows the commissioner to determine whether the buyer is acting in good faith - for example, controlling situations where a buyer is simply obtaining fee simple homesites with the intention of defaulting on their agricultural parcel.

3) Access to a public right-of-way.

Guaranteed access so that mortgages will be marketable to secondary mortgage investors.

4) Definition of "homesite".

Excludes agricultural production facilities from the homesite so that the mortgage will be marketable to secondary mortgage investors.

5) The buyer agrees to use the homesite as a homesite for 20 years.

As a condition of purchase, the buyer agrees to use the homesite as their residence and not as a tourist lodge. If the owner sells the homesite, the agreement not to use the homesite for other purposes would be part of the new buyers contract. The 20 year limit is represents a reasonable time period to meet the states original purpose

Limiting the original agricultural tract to one homesite.

Another concern centered on limiting the original agricultural tract to only one homesite. The language in SB 11 already prevents several 1 to 5 acre homesite from being purchased on each agricultural tract:

"The commissioner may not negotiate the sale of more than one homesite on each original tract purchased from the state."

House Concurrent Resolution

The CS for SB11(SA) work draft requires a title change since number of homesite acres is variable and not set at 5 acres.

5-0100X

Bradley
5/2/88

Original sponsor: Coghill

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE
 2 HOUSE CS FOR CS FOR SENATE BILL NO. 11 (State Affairs)
 3 IN THE LEGISLATURE OF THE STATE OF ALASKA
 4 FIFTEENTH LEGISLATURE - SECOND SESSION
 5 A BILL

6 For an Act entitled: "An Act relating to the conveyance of a five-acre
 7 homesite on agricultural land; and providing for an
 8 effective date."

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

10 * Section 1. AS 38.05.065 is amended by adding a new subsection to
 11 read:

12 (i) The commissioner may negotiate with the owner of land sub-
 13 ject to agricultural rights the purchase by that owner of a fee simple
 14 homesite not to exceed five acres if the owner has had the land sub-
 15 ject to the agricultural rights for three or more years and, if the
 16 owner has a loan from the state on the land subject to the agricul-
 17 tural rights, the loan is and has been in good standing for the most
 18 recent three years. The commissioner may not negotiate the sale of
 19 more than one homesite on each original tract purchased from the
 20 state. The purchaser shall pay the costs of any survey, appraisal,
 21 and notice requirements and shall agree, as a condition of the
 22 purchase, to use the homesite only as a homesite for 20 years after
 23 the conveyance. The homesite must be situated on the perimeter of the
 24 agricultural tract with clear dedicated access to a public right-of-
 25 way. The purchase price of the homesite shall be the fair market
 26 value of the land at the time of the application for the purchase. In
 27 this subsection, "homesite" means land used for residential and other
 28 related purposes but does not include barns, corrals, garages, work-
 29 shops, and storage facilities that are necessary to make the

1 agricultural tract a complete economic unit.

2 * Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

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5-2198A
Bradley
5/3/88

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 HOUSE CONCURRENT RESOLUTION NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 Suspending Uniform Rules 41(b), 24(c),
6 and 35 of the Alaska State Legislature
7 concerning Senate Bill No. 11.

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

9 That under Rule 54 of the Uniform Rules of the Alaska State Legisla-
10 ture the provisions of Rule 41(b), Rule 24(c), and Rule 35 of the Uniform
11 Rules, regarding changes to the title of a bill, are suspended in con-
12 sideration of Senate Bill No. 11, relating to the conveyance of a five-acre
13 homesite on agricultural land.

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5-0100X
Bradley
4/28/88

Original sponsor: Coghill

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 11 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the conveyance of a five-acre
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11 read:

12 (i) The commissioner may negotiate with the owner of land sub-
13 ject to agricultural rights the purchase by that owner of a five-acre
14 fee simple homesite if the owner has had the land subject to the
15 agricultural rights for three or more years and, if the owner has a
16 loan from the state on the land subject to the agricultural rights,
17 the loan is and has been in good standing for the most recent three
18 years. The commissioner may not negotiate the sale of more than one
19 five-acre homesite on each original tract purchased from the state.
20 The purchaser shall pay the costs of any survey, appraisal, and notice
21 requirements and shall agree, as a condition of the purchase, to use
22 the homesite only as a homesite for 20 years after the conveyance. If
23 the land is not used as a homesite for the 20 years after the convey-
24 ance, it reverts to the state. The purchase price of the homesite
25 shall be the fair market value of the land at the time of the applica-
26 tion for the purchase. In this subsection, "homesite" means land used
27 for residential and other related purposes, including barns, corrals,
28 garages, workshops, and storage facilities.

29 * Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: ANDY PAYNE
TITLE:
ADDRESS: P.O. BOX 1192
CITY: DELTA JCT. ZIP: 99737
PHONE: 895-4075
BILL NO: SB 11
SUBJECT: FIVE-ACRE HOMESITE ON AGRICULTURAL LAND
MESSAGE: AS A DELTA FARMER I URGE YOU TO SUPPORT SB11 BECAUSE IT ALLOWS FARMER
TO BORROW MONEY AGAINST THEIR FARM IMPROVEMENTS, REMOVE SOME OF THE RISK
INVOLVED IN DEVELOPING AGRICULTURE LAND, AND ENCOURAGES FARMERS TO STAY ON THEIR
AGRICULTURE LAND AND CONTINUE FARMING IT.

POMID: 02170441
DATE: 04/16/87
TIME: 17:04:41
LIONAME: DELTA JUNCTION LIO

COPIES: REPRESENTATIVES

BOUCHER
DAVIDSON
DONLEY
HOFFMAN
MARTIN
MENARD

JC
file

GUSTAVUS INN

Gateway to
Glacier Bay



May 1, 1987

David & JoAnn Lesh Phone: 907-697-2254 P.O. Box 31 Gustavus, Alaska 99826

Dear Rep. Ulmer,

I am opposed to SB 11 the bill which would allow owners of agricultural land to purchase a 5 acre parcel for the following reasons:

Out of the 5 or 6 agricultural parcels given out by the state none are being used for commercial agriculture in any serious way. Most have not had anything done to them. Only one has a permanent resident who has tried to live up to the requirements of the state. His present use of the land given to him by the state for agricultural use is as a country inn in direct competition with my business. If he is allowed to purchase the five acre parcel that his business sits on he will be surrounded by 155 acres of parklike protection. While it is not quite as isolated as your Lemisurier Island land it has the same protection from nearby development and isolation that is so important. The same protection that I have to pay 15,000 per acre for. The value of such a tourist business is greatly enhanced as you can imagine. Is this the purpose of the state agricultural sales?

Any other parcel locally or statewide could be used as inns or resorts or vacation condominium developments in direct competition with private enterprise. If the state feels that they made a mistake with the agricultural sales please don't add insult to injury. The state's give away programs have done a lot of harm and are part of the reason that we are
financial straits we are in.

"Coil your rope & anchor here til better weather doth appear"

GUSTAVUS INN

Gateway to
Glacier Bay



David & JoAnn Lesh Phone: 907-697-2254 P.O. Box 31 Gustavus, Alaska 99826

Please let me know how you feel about this matter. I have enclosed a copy of a brochure that I feel is of a type that we will be seeing more of if your bill goes through.

Thank you for your time. Rep. Goll knows how I feel and recommended that I write you.

Sincerely,

David T. Lesh

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✍

"Coil your rope & anchor here til better weather doth appear"

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

400 WILLOUGHBY AVE.
JUNEAU, ALASKA 99801-1796
PHONE: (907) 465-2400

April 25, 1988

The Honorable Fran Ulmer
Chair, House State Affairs Committee
P.O. Box V
Juneau, Alaska 99801

Dear Representative Ulmer:

Subject: Committee Substitute for Senate Bill 11, which would allow the Commissioner of Natural Resources to sell the holder of an agricultural parcel a five-acre fee simple homesite on the parcel.

Position: While the Department of Natural Resources did not object to this bill in the past because we believed that certain protections for agricultural land could be included in the legislation, it has become clear to us that the possible problems associated with the sale of a five-acre homesite for each agricultural parcel have not been resolved. Language ensuring that the homesite would be used only for the purchaser's personal domicile has not been included, and the bill does not prevent the five-acre homesite parcel from being sold to a non-farm owner. If the homesite parcel is not included when the farm is sold in the future, the new owner will likely request that a new five-acre homesite parcel be provided. This could ultimately result in the loss of much of Alaska's prime farm land to residential uses.

Background: As you may know, the Department of Natural Resources is currently directed by statute (AS 38.05.321) to transfer only agricultural rights to the purchaser of state land classified for agriculture. The land patent document for agricultural parcels grants the purchaser title to the surface estate in fee simple, subject to the condition subsequent and related covenants which require use of the property for agricultural purposes only. This bill would remove the agricultural use covenant for a five acre homesite on each agricultural parcel.

The Honorable Fran Ulmer

-2-

April 25, 1988

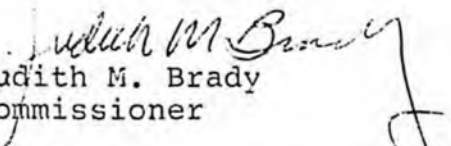
The department currently allows farm buildings and related improvements on up to 20 acres of an agricultural parcel. A five-acre homesite conveyed under the terms of this bill would be contained within the approved farmstead site and intended for use as the purchaser's personal domicile.

We estimate that approximately 500 purchasers of state agricultural parcels would be eligible for this homesite program. The bill requires the purchaser to pay the costs of survey, appraisal, and notice requirements, but would result in some additional costs to the department for processing purchase applications, issuing survey instructions, and negotiating sale agreements.

We estimate that purchase of the remaining available land rights to an agricultural parcel would generate approximately \$800 per acre at current market values.

Please let me know if I may provide additional information or assistance.

Sincerely,


Judith M. Brady
Commissioner

cc: Members of Committee
Senator Coghill
Ron Clarke
Bob Evans

Bill would allow reduced payments on state-financed agriculture loans

THE ASSOCIATED PRESS

The state attorney general determined recently that it would be unlawful for the state to reduce loan payments for troubled farmers, but legislators are considering a bill that would permit that type of relief.

Division of Agriculture Director Mark Weaver was told last week that the Agricultural Revolving Loan Fund board probably doesn't have authority to refinance farm loans to lower the payments. But Weaver said the board already has revised payment plans for about 20 farmers, based on an attorney's earlier opinion that it was legal.

About 250 farmers have loans through the state's Agricultural Revolving Loan Fund, and about one-third have expressed an interest in refinancing.

Weaver says that if a bill lodged in the Senate Finance Committee isn't approved by the Legislature this year, he may have to tell farmers the state will not be restructuring their loans, even after it said it would.

"The department is looking for something to solve our legal mess, because we're going to be in one. All those people are going to say, 'Hey, you made a deal. We don't care if you had the authority or not,'" Weaver said.

The bill, SB484, is being rewritten. Progress toward passage was stopped about two weeks ago because Sen. Rick Halford, R-Chugiak, co-chairman of the Senate Finance Committee, said he had questions.

Halford wants a written a legal determination of whether the state can restructure loans from the revolving fund. He planned to hold a hearing on the bill this week.

Halford stopped the bill's progress after looking at the results of a separate loan bill approved by the Legislature in 1986.

Under that program, farmers in the Delta I and II projects turned their land back to the state and got all or part of their original land purchase loans forgiven. The farmers then repurchased the land from the state at greatly reduced prices.

The Delta farm projects, started during the administration of Gov. Jay Hammond, have been largely unsuccessful because the state and the farmers underestimated the cost of developing commercial farms and overestimated the market for barley products.

Gov. Bill Sneffield then cancelled plans for construction of a grain-loading facility at Seward. World prices for barley today are about half what they were in the early 1980s.

Weaver said the repurchase costs generally were about one-quarter of the original loan. About 30 farmers—almost all of those in the Delta projects—applied for the program.

The farmers who have completed the process essentially have been forgiven millions of dollars in loans, and the state still is working out details with others.

At the same time, the farmers collect money from the federal Con-

servation Recovery Program, which pays farmers to plant grass rather than crops. Nationally, the program is designed to reduce crop surpluses and prevent soil erosion.

Halford questions why the state should forgive the farmers millions of dollars when the federal government was paying them the same amount they would earn if they were harvesting crops.

In fact, the 1986 Legislature prohibited farmers from relinquishing and buying back land if they were using "a federal farm program that provides monetary or other incentives for keeping agricultural land in a Delta Project out of production."

But state officials decided that the Conservation Recovery Program didn't really keep land out of production. Farmers receiving federal CRP payments were allowed to give their land to the state and repurchase it.

Halford, annoyed about the loophole, asked the Department of Natural Resources to explain how it happened.

The new version of the bill will not permit farmers to relinquish then repurchase land, a supporter of the measure said, but will allow the Agricultural Revolving Loan Fund to extend the length of time farmers have to pay back loans.

Senator John B. (Jack) Coghill
Alaska State Legislature

Box V
Juneau, Alaska 99811
(907) 465-4797

Box 55028
North Pole, Alaska 99705
(907) 488-0862



M E M O R A N D U M

To: Representative Fran Ulmer, Chair
House State Affairs Committee

From: Senator Jack Coghill

Re: SB 11, Five acre homesite on agricultural parcels

Date: February 24, 1988

Please schedule a hearing on SB 11 at your committee's earliest convenience. This legislation is needed and supported by the Department of Natural Resources. Farmers will be able to go to commercial lending institutions for residential loans if this passes. Presently their only funding source is through the Agricultural Revolving Loan Board and these loans are only for farm operation purposes.



Official Business

Alaska State Legislature

House

P.O. BOX V
State Capitol
Juneau, Alaska 99811

COMMITTEE ON STATE AFFAIRS

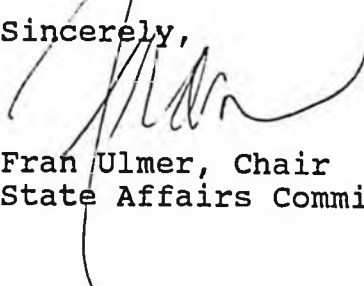
May 5, 1987

Harold Worthen
P.O. Box 56123
North Pole, AK 99705

Dear Mr. Worthen:

Thank you for your public opinion message on Senate Bill 11. Since we are coming down to the last days, we will not be scheduling this bill for hearing this session. We will keep your name in the file to be notified next year.

Sincerely,



Fran Ulmer, Chair
State Affairs Committee

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: G. JOSE GARZA

TITLE:

ADDRESS: 8521 TURF CT.

CITY: ANCHORAGE

ZIP: 99504

PHONE: 333-2713

BILL NO:

SUBJECT: V.A. DIRECTOR

MESSAGE: REQUEST THAT V.A. DIRECTOR ROGER GRAVES BE RETAINED AS DIRECTOR. ROGER GRAVES HAS DONE MORE FOR VETS THAN THE PAST 2 DIRECTORS AND WILL CONTINUE TO DO SO. DO NOT LET THOSE FEW PEOPLE FOOL YOU. THEY MISLEAD MORE, DEMAND MORE, AND ACCOMPLISH LITTLE. I SUPPORT ROGER GRAVES.

POMID: 03105542

DATE: 05/04/87

TIME: 10:55:42

LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES SENATORS

BARNES	JOSEPHSON
BOUCHER	KELLY
FURNACE	UEHLING
MARTIN	ABOOD
HILLER	FAIKS
POURCHOT	HENSLEY
DAVIDSON	
DONLEY	
HOFFMAN	
MENARD	

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: HAROLD WORTHEN

TITLE:

ADDRESS: P.O. BOX 56123

CITY: NORTH POLE

ZIP: 99705

PHONE: 488-9585

BILL NO: SB 11

SUBJECT: FIVE-ACRE HOMESITE ON AGRICULTURAL LAND

MESSAGE: WHEN WILL SB 11 BE PUT ON YOUR AGENDA?
EOM-FZ

POMID: 07103808

DATE: 05/04/87

TIME: 10:38:08

LIONAME: FAIRBANKS LIO

COPIES: REPRESENTATIVES SENATOR

MILLER	COGHILL
BOUCHER	
DAVIDSON	
DONLEY	
HOFFMAN	
MARTIN	
MENARD	

Not his session

Senator John B. (Jack) Coghill
Alaska State Legislature

Box V
Juneau, Alaska 99811
(907) 465-4797

Box 55028
North Pole, Alaska 99705
(907) 488-0862



M E M O R A N D U M

To: Representative Fran Ulmer, Chair
House State Affairs Committee

From: Senator John B. Coghill

Re: SB 11, Five Acre Homesite on Agr. cultural Lands

Date: April 25, 1988

SB 11 would allow the the Commissioner of Natural Resources to sell a five acre fee simple absolute tract to farmers who presently have a restricted fee.

I have worked with farmers for the last few years and one of the most dismaying consequences of our agricultural program has been inability of farmers to use their farmland for collateral for conventional loans. A case in point is the Alaska Housing Finance Corporation. Last year an amendment was made allowing the AHFC to make housing loans to owners of ag parcels. Just this week I was informed that they can not because the title is restricted. Confusion surrounds every aspect of just what kind of title our farmers have.

I believe it is good state policy to enable our farmers to borrow funds from private lenders instead of the state agricultural revolving loan fund. This fund will be depleted in the next few years and presently cannot be used for housing loans.

Many farmers do not live on their parcels because they could not get a loan. With the current economic situation this may lead to a disincentive to continued farming. Recognizing the state's \$60 million plus investment in agriculture, I think we should encourage those who want to farm in Alaska.

I urge your support on SB 11.

Alaska HOUSING  FINANCE CORPORATION

April 22, 1988

Senator Jack Coghill
Alaska State Legislature
P. O. Box V
Juneau, AK 99811

Attn: Elizabeth Ziegler

Dear Senator:

You have asked us to provide you with a brief statement as to why Alaska Housing Finance Corporation cannot at this time grant loans on agriculture parcels. For clarity, I will give the reasons in very simple terms, however, please realize that this is a complex issue and deserves much further discussion than what is stated here.

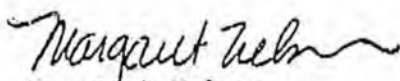
Very simply ~~then~~, the potential borrower does not own the land, but simply has the right to farm it. Due to the terms of the lease, the title company cannot give AHFC, or any other potential lender, warranties that the loan is in first-lien position. Without first-lien position, the loan cannot be granted.

Taking this one step further, even if the stated deeded a portion of the land to the potential borrower, problems would still exist. The parcel deeded must be legally accessible without traversing the leased land.

These are just a few of the problems AHFC has encountered in trying to implement a home loan program for Alaskans who have chosen to take part in Alaska's agricultural program.

As always, we are willing to work with you on this, or any other issue.

Sincerely,



Margaret Nelson
Special Assistant/Public Information Officer

ec

FISCAL NOTE

REQUEST:

Revision Date: 2/24/88
Title: Homesites on agricultural
land
Sponsor: Senator Coghill
Requestor: House State Affairs Committee

Agency Affected: Natural Resources
BRU: Land and Water Management
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		72.0	72.0	72.0	72.0	72.0
TRAVEL		2.0	2.0	2.0	2.0	2.0
CONTRACTUAL		4.0	4.0	4.0	4.0	4.0
SUPPLIES		1.0	1.0	1.0	1.0	1.0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	79.0	79.0	79.0	79.0	79.0
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	*	*	*	*	*

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	79.0	79.0	79.0	79.0	79.0
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	79.0	79.0	79.0	79.0	79.0

POSITIONS:

FULL-TIME	-0-	1	1	1	1	1
PART-TIME		1	1	1	1	1
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

*Purchase of the remaining available land rights would generate an estimated \$300 per acre.

Prepared by: Richard LeFebvre Phone: 762-2692
Division: Land and Water Management Date: 2/24/88

Approved by Commissioner: Tom Hawkins (acting) Date: 3/19/88
Agency: Natural Resources

Distribution (by preparer):

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

FISCAL ANALYSIS CSSB 11
continued

With all costs of the homesite purchase to be borne by the applicant, including survey and appraisal, the department's responsibility would be limited to receiving and processing purchase applications and negotiating the homesite sale.

The full-time Natural Resource Officer II would be responsible for receiving applications; making necessary findings under AS 38.05.035; adjudicating applications against the information supplied in the completed survey (including the location of buildings); developing and administering contracts; and pursuing contract defaults and foreclosures, if necessary.

The half-time review surveyor would issue survey instructions and review and approve the completed surveys.

If a limited homesite purchase application period is established for the existing 500 agricultural parcels, the 1 1/2 staff persons would need to be funded for two to four years to complete the project.

If homesite applications can be made at any time, from 50-100 purchase requests could be expected each year. If staff to process these applications is not funded, purchase requests would be filed in the order received and processed as staff assigned to other projects can be made available.

If a \$50 filing fee is assessed, it would help defray processing costs.

100 -	1 Range 16 (Contract Administration)	42.0
	1/2 Range 19 (Survey Review)	30.0
200 -	Travel to spot check surveys	2.0
300 -	Postage, telephone, copy fees	4.0
400 -	Office supplies	1.0

Farm land being saved from development

By GEORGE ESPER
AP Special Correspondent

FRANKLIN TOWNSHIP, N.J. — Susan and Ted Blew are having fun these days growing vegetables on their 160-acre farm, making some money and raising three children in wide open spaces only 45 minutes from the smokestacks of industrial Newark.

Things weren't always so good.

For five years, they struggled, saddled with a six-figure mortgage and a floating interest rate that reached 16 percent.



Theirs was a Catch-22 situation. To make more money to pay the mortgage, the Blews rented 1,000 more acres and grew wholesale

grain. They considered it drudgery, and, worse, the new loans only added to their debt.

Then, about two years ago, they found a way to pay off their mortgage, keep their Hunterdon County farm for their children and make money growing what they wanted: They sold development rights to their land to the state of New Jersey as part of a farm land preservation program.

More and more state and local governments are giving top priority — and tens of millions of dollars — to farm land preservation programs, efforts to save rapidly vanishing open space from developers. The trend is spreading from the Northeast, where it started, to the South and West.

The government assesses the land's value for farming and compares that to its higher worth for housing or commercial use, such as a mall. The farmer is offered the difference in dollars in return for an agreement that the land can never be sold for development. The farmer keeps the property and can still sell it, but its deed will be restricted to farming or open space use.

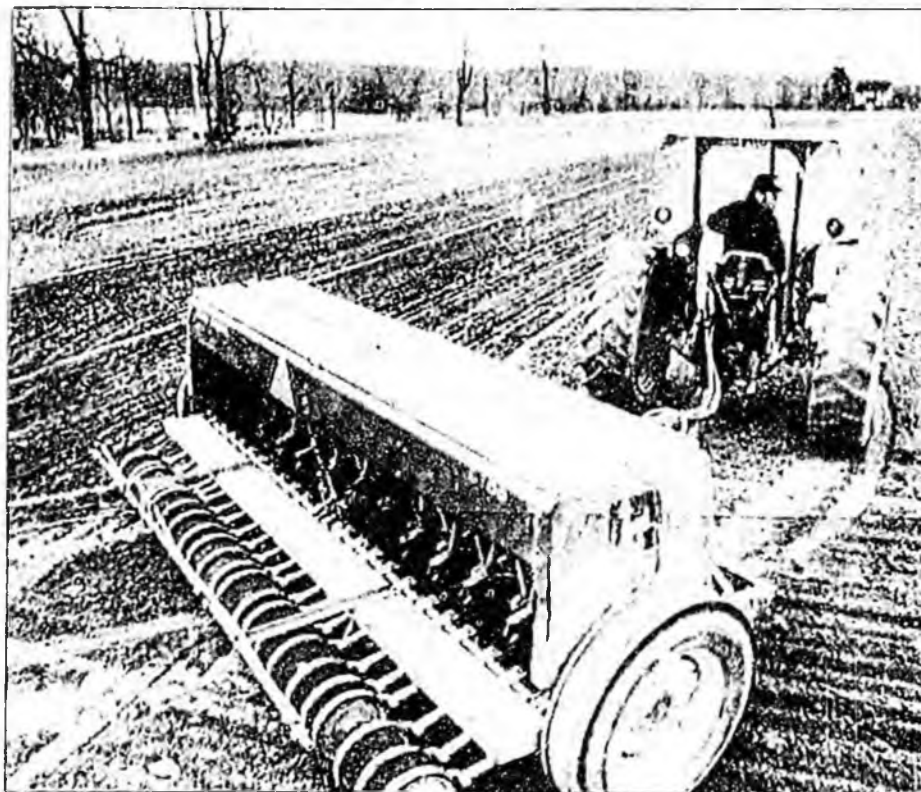
The Blews received almost \$900 an acre or \$143,500 from the state and county, which split the cost. That same day, Dec. 19, 1985, they turned the check over to the bank, paying off their mortgage, on which they had been making payments of close to \$10,000 every six months, and an outstanding business loan.

"We had \$10 (left) to go to lunch," Ted said. They celebrated at a Ponderosa restaurant with steaks and chocolate milk. "It came to \$10.12," said Susan, smiling.

The Blews can afford to smile now. The pressure is off.

"It relieved the pressure of that exploding interest rate," Ted said. "You enjoy working when you're making some money, when you're able to pay your bills and have something left over."

New Jersey's share of the money came from a \$50 million bond issue voters approved in 1981.



Farmer Ted Blew plants spring grain at his 160-acre farm in Franklin Township, N.J. Blew and his wife, Susan, have sold the development

rights to their farm for \$143,500 in a program set up by the state to preserve farm land in New Jersey. AP Laserphoto

Other states with similar farm land and open space preservation programs include Connecticut, Maine, Maryland, Massachusetts, New Hampshire, Pennsylvania, Rhode Island and Vermont.

Local programs exist in Boulder County, Colo.; Forsyth and Mecklenburg counties in North Carolina, whose respective seats are Winston-Salem and Charlotte, King County, Wash., around Seattle; and Northern California's Marin and Solano counties. In Collin County, Texas, north of Dallas, officials are trying to raise funds for land preservation.

Over the last decade, almost 100,000 acres of working farm land have been saved, said Jim Riggle, director of field operations for American Farmland Trust in Washington, D.C., a non-profit organization that works to conserve agriculture.

The success of preservation programs, however, doesn't mean development is being slowed.

Riggle estimated that since World War II, some 70 million to 100 million acres of U.S. agricultural land

has been converted to commercial or residential use, or has been used for highway or other public works projects. That leaves no more than 1.2 billion acres of privately owned open land nationwide, of which 575 million are being farmed or have a high potential for farming, while the rest remains unused for crops because of its lesser quality.

Roughly 3 million acres of farm land are being lost every year, he said.

"Six out of 10 of the most productive agricultural counties are either already classified in metropolitan areas or adjacent to them," he said. "That's where the action is taking place. There is a general degrading of the quality of our land in this country."

Development pressure in Massachusetts remains strong even though the state has already spent \$45 million to buy up rights and preserve nearly 20,000 acres. The Legislature last December approved an additional \$35 million for the program.

Why? "You're preserving the economic fabric of the

rural area. It has an additional benefit. It's a working landscape," replied August Schumacher Jr., Massachusetts commissioner of food and agriculture.

Ron Allbee, Vermont's commissioner of agriculture, agreed.

"We sell Vermont to tourists for the pristine open space, for the small villages," Allbee said. "I think there's a broader concern. If we lose our agriculture, we're going to lose what people identify as Vermont."

Even in big cities, such as Philadelphia, voters are overwhelmingly approving bond issues to buy up the rights. There are many reasons.

In Pennsylvania, which is just beginning its program after voters approved a \$100 million bond issue in November, agriculture is the No. 1 industry.

Pennsylvania has 56,500 farms that produce crops worth \$3.2 billion a year and generate \$35 billion in related business. But since 1960, the state has lost 50,000 farms and 3.8 million acres of land that went out of production, most of it believed to be for development.

Along with economics, sentiment helped the pro-preservation forces, state Sen. Noah W. Wenger said.

"Even people that live in the cities can remember their grandfather or their uncle living on a farm," he said, "and they have a certain affinity to that and I think that was in its favor."

But even more, Wenger said, was the realization that about 20 percent of all the jobs in the state are related to agriculture.

"It's just good business sense to take care of your No. 1 industry," he said. "You would spend \$100 million to keep a basic industry intact so that that industry can continue to pay taxes and provide jobs so that we will have funds available to support our social programs, our research programs."

The trend toward preservation of farm land appears to be gaining priority beyond the Northeast. "The idea has begun to catch on," said American Farmland's Riggle.

Californians will vote June 7 on a referendum for \$776 million to preserve open space, including farm land, greenbelts and parks.

In Florida, a state law requires every county to develop within the year a program to limit incursion into rural areas. More than 90 percent of all open land outside urban areas in Florida is farm land.

Riggle said the preservation programs are concentrated in the Northeast because it is the oldest settled region and the states are small, and often mountainous, limiting the amount of arable land.

David Meade is one of the Northeast's concerned farmers. He sold the development rights to 70 acres of his farm land in Howell Township, N.J., near Freehold, to the state for about a half million dollars last September. Developers had offered him more than a million.

"I would only have to take that money and go out and buy another one. Farming isn't an occupation. It's a way of life," he said. "It's not necessarily something you get into with the idea of getting rich. It's something you get into because it's a matter of the heart."

HOUSE COMMITTEE REPORT

(7)

Date referred: 4/10/87

FURTHER REFERRALS: Resources
Finance

DATE: 5-4-88

The State Affairs Committee has considered CSSB 11(Fin)

"An Act relating to the conveyance of a five-acre homesite on agricultural land; and providing for an effective date."

RECOMMENDS:

- replace with HCS CS SB 11 (SA) [] the same title
- [] attached amendment(s) [] a new title
- [] do pass
- [] do not pass
- no recommendation
- [] individual recommendations
- [] additional referral to the _____ Committee

ADOPTS: [] _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact [] same as previous fiscal note published _____
- [] zero fiscal note [] same as previous zero fiscal note published _____
- [] zero with analysis

SIGNING DO PASS:

Grant Williams

SIGNING OTHER RECOMMENDATIONS:

Terry Hunter - No Rec

Cliff Davidson - No Rec

Lynn Hoffman - No Rec

Mark L. Price - No Rec

David Dingley - NO REC

Mark Williams

Chairman's signature

No 206

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: CSSB 11 (Finance)

Publish Date: 4-2-87

REQUEST: _____

Revision Date: 4/1/87

Title: Homesites on agricultural land

Sponsor: Senator Coghill

Requestor: Senator Coghill

Agency Affected: Natural Resources

BRU: Land and Water Management

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		72.0	72.0			
TRAVEL		2.0	2.0			
CONTRACTUAL		4.0	4.0			
SUPPLIES		1.0	1.0			
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		79.0	79.0			

CAPITAL						
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REVENUE		*	*			
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME		1	1			
PART-TIME		1	1			
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

*Purchase of the remaining available land rights would generate an estimated \$800 per acre.

Prepared by: Carol Wilson
Division: Commissioner's Office

Phone: 465-2400
Date: 4/2/87

Approved by Commissioner: Jennie Boston Gorseuch
Agency: Natural Resources

Date: 4-2-87

Distribution (by preparer):

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

FISCAL ANALYSIS CSSB 11
continued

With all costs of the homesite purchase to be borne by the applicant, including survey and appraisal, the department's responsibility would be limited to receiving and processing purchase applications and negotiating the homesite sale.

The full-time Natural Resource Officer II would be responsible for receiving applications; making necessary findings under AS 38.05.035; adjudicating applications against the information supplied in the completed survey (including the location of buildings); developing and administering contracts; and pursuing contract defaults and foreclosures, if necessary.

The half-time review surveyor would issue survey instructions and review and approve the completed surveys.

If a limited homesite purchase application period is established for the existing 500 agricultural parcels, the 1 1/2 staff persons would need to be funded for two to four years to complete the project.

If homesite applications can be made at any time, from 50-100 purchase requests could be expected each year. If staff to process these applications is not funded, purchase requests would be filed in the order received and processed as staff assigned to other projects can be made available.

If a \$50 filing fee is assessed, it would help defray processing costs.

100 -	1 Range 16 (Contract Administration)	42.0
	1/2 Range 19 (Survey Review)	30.0
200 -	Travel to spot check surveys	2.0
300 -	Postage, telephone, copy fees	4.0
400 -	Office supplies	1.0

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HCS CSSB 11 (SA)
PUBLISH DATE: HOUSE 5/5/88

FISCAL NOTE

REQUEST:

Revision Date: 2/24/88
Title: Homesites on agricultural
land
Sponsor: Senator Coghill
Requestor: House State Affairs Committee

Agency Affected: Natural Resources
BRU: Land and Water Management
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		72.0	72.0	72.0	72.0	72.0
TRAVEL		2.0	2.0	2.0	2.0	2.0
CONTRACTUAL		4.0	4.0	4.0	4.0	4.0
SUPPLIES		1.0	1.0	1.0	1.0	1.0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	79.0	79.0	79.0	79.0	79.0

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	*	*	*	*	*
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	79.0	79.0	79.0	79.0	79.0
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	79.0	79.0	79.0	79.0	79.0

POSITIONS:

FULL-TIME	-0-	1	1	1	1	1
PART-TIME		1	1	1	1	1
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

*Purchase of the remaining available land rights would generate an estimated \$300 per acre.

Prepared by: Richard LeFebvre Phone: 762-2692
Division: Land and Water Management Date: 2/24/88

Approved by Commissioner: Tom Hawkins (acting) Date: 3/19/88
Agency: Natural Resources

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

FISCAL ANALYSIS
continued

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