

SB 11

SENATE COMMITTEE REPORT

FURTHER:

2/23/87

DATE TURNED INTO OFFICE

4/2/87

Mr. President:

FINANCE

Committee considered

SB 11

relating to the conveyance of a five-acre homesite on agricultural land; efd.

and recommended:

replace with

CS FOR

SB 11 (Fin)

)  same title

or adopt \_\_\_\_\_

CS FOR \_\_\_\_\_

)  new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

letter of intent adopted \_\_\_\_\_

Committee  attached or  adopted fiscal note(s)

new

updated or

previous

zero

fiscal impact \$79.0

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

*Paul Clark*  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Jack McRa*  
*Tom Roper*  
*Willie Roper*  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*John Roper* DO PASS  
Chairman signature and recommendation

Committee Backup Attached

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

REQUEST: \_\_\_\_\_

Bill Version : CSSB 11 (Finance)

Publish Date : \_\_\_\_\_

Revision Date: 4/1/87

Agency Affected: Natural Resources

Title: Homesites on agricultural land

BRU: Land and Water Management

Sponsor: Senator Coghill

Components: \_\_\_\_\_

Requestor: Senator Coghill

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		*	*			
---------	--	---	---	--	--	--

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 Gonsky  
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



. From The

# SENATE FINANCE COMMITTEE

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DATE: April 2, 1987

TO: Lynn  
Legal Services

FROM: Vicki (4935)  
Cap Bldg, Rm 413

RE: CS SB 11 (Finance)

Please prepare a Senate Finance Committee Substitute for SB 11, per attached. The bill was reported out of Committee and read across at the 11 am floor session.

Please return the final CS SB 11 (Finance) to me asap.

THANK!

Original sponsor: Coghill

1 IN THE SENATE

BY THE ~~FINANCE~~ RESOURCES COMMITTEE

2

CS FOR SENATE BILL NO. 11 (~~Resources~~)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST 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 five acre  
14 fee simple homesite. The commissioner may not negotiate the sale of  
15 more than one five-acre homesite on each original tract purchased from  
16 the state. ~~[If a survey is required under this subsection, the pur-~~  
17 ~~chaser shall pay the cost of the survey.]~~ The purchase price of the  
18 homesite shall be the fair market value of the land at the time of the  
19 application for the purchase. In this subsection, "homesite" means  
20 land used for residential and other related purposes, including barns,  
21 corrals, garages, workshops, and storage facilities.

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

\* ~~INSEK~~: ~~The purchaser shall pay the costs of any survey, appraisal,~~  
~~and notice requirements.~~

Original sponsor: Coghill

1 IN THE SENATE  
2 CS FOR SENATE BILL NO. 11 (<sup>Finance</sup>~~Resources~~)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FIFTEENTH LEGISLATURE - FIRST SESSION

<sup>FINANCE</sup>  
BY THE ~~RESOURCES~~ COMMITTEE

5 A BILL  
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7 homesite on agricultural land; and providing for an  
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15 more than one five-acre homesite on each original tract purchased from  
16 the state. [~~If a survey is required under this subsection, the pur-~~  
17 <sup>DELETE</sup>~~chaser shall pay the costs of the survey.] The purchase price of the  
18 homesite shall be the fair market value of the land at the time of the  
19 application for the purchase. In this subsection, "homesite" means  
20 land used for residential and other related purposes, including barns,  
21 corrals, garages, workshops, and storage facilities.~~

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

\* INSERT: All costs to be borne by the purchaser, including survey,  
appraisal, and notice.

3/31/87 Coghill proposed + reduction in FN  
Bennett moved & suggested - FN  
Binkley held - rescheduled 4/2/87  
SB0011b -1-

**STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE**

Bill Version : CS SB 11 (Fin)  
Publish Date : \_\_\_\_\_

**REQUEST:** \_\_\_\_\_  
Revision Date: \_\_\_\_\_  
Title: Conveyance of five-acre  
homesite on agricultural land  
Sponsor: Senator Coghill  
Requester: \_\_\_\_\_

Agency Affected: Dept of Natural Resources  
BRU: Land & Water Management  
Components: \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0	0	0	0	0	0

<b>CAPITAL</b>						
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<b>REVENUE</b>		1,400.0	1,400.0	1,400.0	1,400.0	1,400.0
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary)

Prepared by: \_\_\_\_\_ Phone: 465-4985  
Division: Senator John Binkley, Co-chairman Date: 4/2/87  
Senate Finance Committee

Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
Agency: \_\_\_\_\_

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

Senator John B. (Jack) Coghill  
Alaska State Legislature

Pouch V  
Juneau, Alaska 99811  
(907) 465-4921

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



MEMORANDUM

To: All Senate Finance Committee Members  
From: Senator Coghill  
Re: SB 11, Five Acre Homesite on Ag Lands

I have been concerned about the status of agricultural land titles for quite a while. Financial lenders are reluctant to loan farmers funds for homes and farm buildings because they perceive the title as less than a fee simple conditional.

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. We all know that this fund will be depleted in the next few years. Farmers, who are living in substandard housing, will have no where to turn for loan funds. Tied to lands, without a chance of upgrading their living situation, many will sell off the farm instead.

I believe a just way of encouraging our farmers to stay on the land and meet the needs of their families is to allow a five-acre fee simple homesite on each agricultural parcel. This bill would allow this.

One five-acre fee simple homesite would be allowed on each parcel originally purchased from the state. This change in the current law would go far to assist many farmers across the state with lending problems.

# STATE OF ALASKA

STEVE COWPER, GOVERNOR

## DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

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

February 4, 1987

The Honorable Jack Coghill, Chair  
Senate Resources Committee  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Senator Coghill:

Subject: 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: The Department of Natural Resources would not object to this bill if language ensuring that the homesite would be used for the purchaser's personal domicile is included, if virtually all costs related to the purchase of the homesite would be borne by the buyer, and if sufficient funding for administration of the program is appropriated for the department.

Background: The department 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.

The department currently allows farmstead buildings and improvements on up to 20 acres of an agricultural parcel. The five acre homesite should be contained within an approved farmstead site. To grant full fee simple title to a homesite parcel would require the removal of the agricultural use only covenant for the five acre homesite. Since only agricultural support functions are currently required on the farmstead (rather than actual clearing and planting of crops), removing the agricultural use restrictions for a five acre homesite would not be inconsistent with current settlement practices.

Senator Jack Coghill

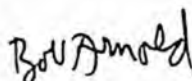
-2-

February 4, 1987

We estimate that approximately 500 purchasers of state agricultural parcels would be eligible for this home-site program. The bill would require the purchaser to pay the costs of survey, but would result in additional costs to the department for land appraisals, survey directions, public notice and other administrative requirements. Since our land disposal program and staff is eliminated in the proposed FY 88 budget request, new funding would be needed to perform these tasks.

Please let me know if I may provide additional information.

Sincerely,



Judith M. Brady  
Commissioner

cc: Members of Committee

Senator John B. (Jack) Coghill  
Alaska State Legislature

Pouch V  
Juneau, Alaska 99811  
(907) 465-4921

Box 55028  
North Pole, Alaska 99705  
(907) 488-0362



April 2, 1987

To: Members of the Senate Finance Committee

From: Senator Coghill

Re: CSSB 11 (Res)

*Jack Coghill*  
*2400*  
I have spoken with Carol Wilson of the Department of Natural Resources. She informed me that the fiscal note they are working on would indicate that costs to the state would be \$79,000 for 1½ part-time positions over two years.

This bill would possibly generate \$1.4 million in revenues on the sale of the five-acre homesites.

*Elizabeth  
Coghill's aide*

Senator John B. (Jack) Coghill  
Alaska State Legislature

Pouch V  
Juneau, Alaska 99811  
(907) 465-4921

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



AMENDMENT

CS SB 11 (Res)

PAGE 1, LINE 16: DELETE "IF A SURVEY IS REQUIRED UNDER THIS SUBSECTION,  
THE PURCHASER SHALL PAY THE COSTS OF THE SURVEY"

PAGE 1, LINE 16: ADD "THE PURCHASER SHALL PAY THE COSTS OF ANY SURVEY,  
APPRAISAL AND NOTICE REQUIREMENTS."

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of two weeks 5-DAY NOTICE  
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: FINANCE

\*\*FISCAL NOTE(S) ATTACHED  \*\*  
IN ACCORDANCE WITH AS 24.08.035  
(see below)  
1/19/87

DATE TURNED INTO OFFICE 2-23-87

Mr. President:

RESOURCES \_\_\_\_\_ Committee considered SB 11

relating to the conveyance of a five-acre homesite on agricultural land; efd.

and recommended:

- replace with CS ~~SB~~ CS SB 11 (Res)  same title
- attached amendment(s) and  new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to \_\_\_\_\_
- letter of intent adopted and attached

\*\* Committee  attached or  adopted fiscal note(s)  
 zero  fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]  
[Signature]  
[Signature]  
[Signature]  
[Signature]  
Paul Froile

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

[Signature] - B Pass  
 Chairman signature and recommendation

Committee Backup Attached

1 IN THE SENATE

BY COGHILL

2

SENATE BILL NO. 11

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST 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

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read:

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(i) The commissioner may negotiate with the owner of land sub-

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more than one five-acre homesite on each original tract purchased from

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the state. [If a survey is required under this subsection, the pur-

17

chaser shall pay the costs of the survey.] The purchase price of the

18

homesite shall be the fair market value of the land at the time of the

19

application for the purchase.

20

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

1/3

**STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE**

**REQUEST:** \_\_\_\_\_

Bill Version: SB 11

Publish Date: \_\_\_\_\_

Revision Date: February 3, 1984

Title: Homesite on Agricultural Land

Agency Affected: Natural Resources

BRU: Land and Water Management

Sponsor: Sen. Coqhill

Requestor: Senate Resources Committee

Components: \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		261.5	261.5	98.1		
TRAVEL		20.5	25.0	10.0		
CONTRACTUAL		8.0	6.0	1.0		
SUPPLIES		2.0	2.0	0		
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>		291.5	294.5	109.1		

<b>CAPITAL</b>						
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<b>REVENUE</b>		1,400.0	1,400.0	1,400.0	1,400.0	1,400.0
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND		291.5	294.5	109.1		
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>		291.5	294.5	109.1		

**POSITIONS:**

FULL-TIME		4	4	2		
PART-TIME		3	3			
TEMPORARY						

**ANALYSIS : (Attach a separate page if necessary)**

See Attached Explanation

Prepared by: Tom Hawkins *Tom Hawkins*

Phone: 465-2400

Division: Land and Water Management

Date: February 3, 1987

Approved by Commissioner: Wm D. Bernal, Deputy

Date: 2/4/87

Agency: Natural Resources

**Distribution (by preparer):**

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

# CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. SB 11

If the program is presented as a one-time offer (as opposed to being available anytime at the purchaser's discretion), it would require three years to complete. It is estimated that there are 500 parcels eligible for homesite purchase. A full-time adjudicator would be required in the Southcentral Region, for three years, and a half-time adjudicator would be required in the Northern Region for two years. The few Southeast homesites could be completed by the Southcentral adjudicator. A full-time appraiser would be required for two years, and would be located in Anchorage. Two surveyors would be required to review the plats, one for two years and one for three years. Title Administration would require a half-time position over two years to resolve title problems and issue patents. Contract Administration would also need a half-time position to prepare and administer the sale contracts.

As the bill is written, the State would bear the costs of public notice and appraisal. This increases the travel and contractual costs considerably. If the bill were amended to require the purchaser to pay for notice and appraisal, the fiscal note could be reduced 15.0 in travel and 8.0 in contractual (over three years). The remaining contractual costs are postage and telephone. If a filing fee were charged, it would be possible to return a portion of this cost to the general fund.

It is anticipated that most of the 500 eligible purchasers will be interested in purchasing their homesite. The revenue generated from the sale of 450 homesites, at an average cost of \$5,000 per acre would be \$11 million. With interest and spread over a twenty year period, this might generate revenues of \$1.4 million each year. (Not all 450 purchasers would have contracts in the first two years, but this reduction would be offset by receipt of downpayments during those years.)

## Line Item Explanation

- 100- 1 Adjudicator for 3 years (Range 16)
  - ½ Adjudicator for 2 years (Range 16)
  - ½ Contract Administrator for 2 years (Range 14)
  - ½ Title Administrator for 2 years (Range 16)
  - 1 Appraiser for 2 years (Range 18)
  - 2 Review Surveyors, 1 for 2 years, 1 for 3 years.Total: 695.1
  
- 200- Travel for the adjudicators and the appraiser.  
Total over 3 years: 55.0
  
- 300- Public notice, postage, and telephone.  
Total over 3 years: 15.0
  
- 400- Paper, mylar, other supplies.  
Total: 4.0