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IN THE SENATE

BY COGHILL

SENATE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - FIRST SESSION

A BILL

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

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

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

(i) The commissioner may negotiate with the owner of land subject to agricultural rights the purchase by that owner of a five acre fee simple home site. The commissioner may not negotiate the sale of more than one five-acre homesite on each original tract purchased from the state. If a survey is required under this subsection, the purchaser shall pay the costs of the survey. The purchase price of the homesite shall be the fair market value of the land at the time of the application for the purchase.

* Sec. 2. This Act takes effect immediately in accordance with AS 01.-10.070(c).

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



Amendment

CS SB 11 (Res)

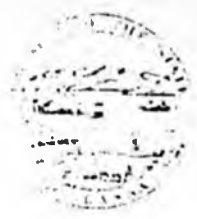
Page 1, Line 16: Delete "If a survey is required under this subsection, the purchaser shall pay the costs of the survey"

Page 1, Line 16: Add "The purchaser shall pay the costs of any survey, appraisal and notice requirements."

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.

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



April 2, 1987

To: Members of the Senate Finance Committee

From: Senator Coghill

Re: CSSB 11 (Res)

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.

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 Resource 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.



NORTHERN SCHOOLS FEDERAL CREDIT UNION

901 CUSHMAN STREET, FAIRBANKS, ALASKA 99701 • 907/452-1949
CONSTITUTION HALL, UNIVERSITY OF ALASKA, FAIRBANKS, ALASKA 99701 • 907/479-4209

February 20, 1985

Don Kratzer
PO Box 313
Nenana, AK 99760

Dear Mr. Kratzer,

You requested a loan from us to finance construction of a residence on property you currently have agricultural rights to, but do not have a fee simple ownership outright to the property.

We will only finance amounts on real estate that an individual has fee simple ownership to and can present a clear title of ownership to the property.

Sincerely,


W.K. Dutton-Manager



National Bank of Alaska

Fairbanks Office: Pouch 1000 • Fairbanks, Alaska 99707-9990 • (907) 462-4733

August 26, 1984

Mr. Don Kratzer
Box 313
Nenana, Alaska 99760

Dear Don,

Thanks again for your inquiry regarding a home mortgage on your property near Nenana.

We have both discovered through many sources that the availability of financing using a portion of a State of Alaska agricultural Parcel as collateral for a loan, is virtually impossible. Until such time that you are able to assign other than surface rights, such as fee simple title or extended leasehold to all or a portion of the ag-parcel, I feel, regretfully, that it would be pointless to pursue your application further.

I realize that you are making extensive effort to find a solution to this problem and I hope you will not hesitate to contact me if I may be of any further assistance.

Very truly yours
National Bank of Alaska

Jack D. Williams
Mtg Loan Originator

JW/la

OFFICE OF THE GOVERNOR
675 Seventh Ave., Station H
Fairbanks, Alaska 99701

(907) 451-2920

XEROX TELECOPIER 295
(automatic)

451-2858

TELECOPIER TRANSMITTAL SHEET

TO: SENATOR JOHN B. COGHILL

FROM: SANDRA HESS

DATE: APRIL 27, 1988

NO. OF PAGES (including cover sheet) 2

AS REQUESTED BY MR. DON KRATZNER, LETTER DATED MAY 15, 1987.

STEVE COWPER
GOVERNOR



PHONE
907-452-1545

STATE OF ALASKA
OFFICE OF THE GOVERNOR
FAIRBANKS

May 15, 1987

Mr. Don Kratzner
P.O. Box 313
Nenana, AK 99760

Dear Mr. Kratzner:

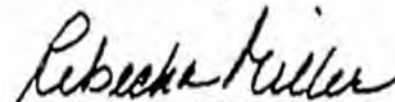
Re: CS SB11

While it may appear that the Governor has changed his policy regarding this bill, in fact he has not. He still supports it. However, due to the serious budget problems that the administration has faced, staff energies for actively lobbying bills have been focused on budget, revenue and trade bills sponsored by the Governor.

Since both Senators representing constituents from the agriculture belts have been tracking the bill so closely, it was determined that limited staff resources could be better used either advocating bills sponsored by the administration, or opposing bills that are felt not to be in the best interests of all Alaskans.

As ever, thanks for taking time to express your concerns.

Sincerely,


Rebecha Miller
Director

RM/ww

bcc: Rod Swope
Special Staff Assistant

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

May 14, 1987

The Honorable Sam Cotten
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

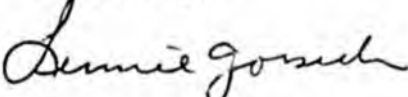
Dear Representative Cotten:

I anticipate that this Department will, in the near future, implement a regulation defining the term "cropland soils."

Tentatively, we are considering the definition set out below:

CROPLAND SOILS on lands that are classified as agricultural are soils that can be developed by conventional means for production of one or more of the following: improved pasture, hay, grains, vegetables, or horticultural crops. These may include soil of capability Class II-VI according to the USDA, Soil Conservation Service soil surveys.

Sincerely,



for Judith M. Brady
Commissioner

cc: Mark Weaver

Alaska State Legislature

Senate Resources Committee



Sen. John B. (Jack) Coghill, Chairman
Sen. Paul Fischer, Vice-Chairman
Sen. Lloyd Jones
Sen. Atiss Sturjulewski
Sen. Jim Duncan
Sen. Fred Zhaouf
Sen. Dick Eason

Box V
Juneau, Alaska 99811
(907) 465-4907

Letter of Intent

SB 11

It is the intent of the legislature that "homesite" means residential use. It is further the intent of the legislature that the alienability of the fee simple title of the parcel owner is not restricted in any form.

MEMORANDUM

To: All Resource 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.

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~~ CSSBI (Res) [same title
[] new title

[] attached amendment(s) and

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]
[Signature]

[Signature]
Chairman signature and recommendation

[] Committee Backup Attached

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

REQUEST: _____

Bill Version: SB 11 Real
Publish Date: 2-23-87

Revision Date: February 3, 1984

Title: Homesite on Agricultural Land

Agency Affected: Natural Resources
BRU: Land and Water Management

Sponsor: Sen. Coahill

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						
TOTAL OPERATING		291.5	294.5	109.1		

CAPITAL						
---------	--	--	--	--	--	--

REVENUE		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						
TOTAL		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
Division: Land and Water Management

Phone: 465-2400
Date: February 3, 1987

Approved by Commissioner: Wm D. Smyth, Deputy
Agency: Natural Resources

Date: 2/4/87

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)
 - } Adjudicator for 2 years (Range 16)
 - } Contract Administrator for 2 years (Range 14)
 - } 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

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____

Bill Version : CSSB 11 (Finance)
Publish Date : _____

Revision Date: 4/1/87
Title: Homesites on agricultural land

Agency Affected: Natural Resources
BRU: Land and Water Management

Sponsor: Senator Coghill
Requestor: Senator Coghill

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

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 Phone: 465-2400
Division: Commissioner's Office Date: 4/2/87

Approved by Commissioner Jennie Boston Jorgensen Date: 4-2-87
Agency: Natural Resources

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
	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

STEVE COWPER, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

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

OFFICE OF THE COMMISSIONER

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

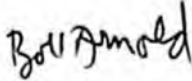
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February 4, 1987

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