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SB

SENATE FINANCE COMMITTEE REPORT

DATE: 5/1/90

FURTHER:

DATE TURNED INTO OFFICE: _____

The Finance Committee considered

SB 536

"An Act making a special appropriation to the Department of Natural Resources for the purchase of the inholdings of the Seldovia Native Association, and the timber rights of the Timber Trading Company, within the Kachemak Bay State Park; and providing for an effective date."

and recommended:

replace with _____ CS _____
 or adopt _____ CS _____

same title
 new title
 technical title change (HB only)

attached amendment(s)
 _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

Bill died in committee.

ATTACHES NEW FISCAL NOTE(S):
Dept/Date:

fiscal note(s) _____

zero fiscal note(s) _____

appropriation-no fiscal note

SIGNING DO PASS:

APPROVES PREVIOUS:
Dept/Date:

fiscal note(s) _____

zero fiscal note(s) _____

OTHER RECOMMENDATIONS:

1. _____ 2. _____
Co-Chairs: Signatures and Recommendations

SENATE COMMITTEE REPORT

DATE: 4/26/90

FURTHER: Finance

DATE TURNED INTO OFFICE: 4/30/90

Resources

Committee considered

SB 536

Special appropriation to the Dept of Natural Resources for the purchase of the inholdings of the Seldovia Native Association, timber rights of the Timber Trading Company, within the Kachemak Bay State Park; efd.

and recommended:

and report by back as follows

+ records e l o e CS be adopted & report to back

[] replace with _____ CS
[] or adopt _____ CS

[] same title
[] new title
[] technical title change (HB only)

[] attached amendment(s)

[] _____ letter of intent adopted

[x] do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to _____

app NO FN

ATTACHES NEW FISCAL NOTE(S):

APPROVES PREVIOUS:

[] fiscal note(s) Dept/Date: _____

[] fiscal note(s) Dept/Date: _____

[] zero fiscal note(s) _____

[] zero fiscal note(s) _____

[x] appropriation-no fiscal note

[x] Governor's bill w/fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

① [Signature]
② [Signature]
③ [Signature]

① [Signature] NO Rec

Chair: [Signature] Ma Rec
Signature and Recommendation

SENATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERRAL

DATE: 3/28/90

FURTHER: Resources Finance

90 005505
B-2

Date of 5-Day Notice: 3/29/90
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 4/26/90

Labor and Commerce

Committee considered

SB 536

Special appropriation to the Dept. of Natural Resources for the purchase of the inholdings of the Seldovia Native Association, and the timber rights of the Timber Trading Company, within the Kachemak Bay State Park; efd.

and recommended: ^{and a majority of the committee recommends} ~~do pass~~ *it be up*

replace with _____ CS SB 536 (L+C) same title
 attached amendment(s) and do pass new title

_____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

*Spec - app
NO FW*

ATTACHES NEW FISCAL NOTE(S):

Department(s)/Date: _____

Department(s)/Date: _____

fiscal note(s) _____

zero fiscal note(s) _____

appropriation-no fiscal note

Governor's bill w/fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

[Signature]
[Signature]

*1: Rec
you feel concerned about
expense but better
good - better to the
NORTH.
2) I think No Rec,
should be brought at critical
Time, probably within 20 yrs.*

[Signature]
Chair: Signature and Recommendation

Offered: 4/26/90
Referred: Resources and Finance

go0550sh

Funding Information: General Fund \$20,000,000
Other Funds -0-
\$20,000,000

Original sponsor(s): Rules/Governor

1 IN THE SENATE

BY THE LABOR & COMMERCE COMMITTEE

2 CS FOR SENATE BILL NO. 536 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations to the Depart-
7 ment of Natural Resources for the purchase of the
8 inholdings of the Seldovia Native Association, and
9 the timber rights of the Timber Trading Company,
10 within the Kachemak Bay State Park; and providing for
11 an effective date."

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

13 * Section 1. LEGISLATIVE FINDINGS. The legislature finds that the
14 Kachemak Bay State Park is an important scenic and recreational area and
15 that the inholdings within the park, if developed, would seriously compro-
16 mise the integrity of the existing park land. The legislature finds,
17 therefore, that it is in the interest of the state to acquire the inhold-
18 ings of the Seldovia Native Association, and the timber rights of the
19 Timber Trading Company, within the Kachemak Bay State Park.

20 * Sec. 2. The sum of \$15,490,000 is appropriated from the general fund
21 to the Department of Natural Resources for the purchase of the inholdings
22 of the Seldovia Native Association within the Kachemak Bay State Park, and
23 the sum of \$4,510,000 is appropriated from the general fund to the
24 Department of Natural Resources for the purchase of the timber rights of
25 the Timber Trading Company within the Kachemak Bay State Park, for the in-
26 holdings and timber rights as identified in the Preliminary Exchange
27 Agreement dated June 30, 1989, as amended as of the effective date of this
28 Act, between the state, the Seldovia Native Association, and the Timber
29 Trading Company.

SB0536b

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CSSB 536(L&C)

COMMITTEE COPY

1 * Sec. 3. The unexpended and unobligated balances of the appropriations
2 made by this Act lapse into the general fund December 31, 1990.

3 * Sec. 4. This Act takes effect July 1, 1990.
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Introduced: 3/28/90

go00550a

Referred. L&C, Resources and Finance

Funding Information: General Fund \$17,820,000
Other Funds -0-
\$17,820,000

BY THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 536

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
7 ment of Natural Resources for the purchase of the
8 inholdings of the Seldovia Native Association, and
9 the timber rights of the Timber Trading Company,
10 within the Kachemak Bay State Park; and providing for
11 an effective date."

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

13 * Section 1. LEGISLATIVE FINDINGS. (a) The legislature finds that the
14 Kachemak Bay State Park is an important scenic and recreational area and
15 that the inholdings within the park, if developed, would seriously compro-
16 mise the integrity of the existing park land. The legislature finds,
17 therefore, that it is in the interest of the state to acquire the inhold-
18 ings of the Seldovia Native Association, and the timber rights of the
19 Timber Trading Company, within the Kachemak Bay State Park.

20 (b) The legislature further finds that the value, to the state, of
21 the Seldovia Native Association's inholdings, and the timber rights of the
22 Timber Trading Company, within Kachemak Bay State Park is \$17,820,000.

23 * Sec. 2. The sum of \$17,820,000 is appropriated from the general fund
24 to the Department of Natural Resources for the purchase of the inholdings
25 of the Seldovia Native Association, and the timber rights of the Timber
26 Trading Company, within the Kachemak Bay State Park as identified in the
27 Preliminary Exchange Agreement dated June 30, 1989, as amended as of the
28 effective date of this Act, between the state, the Seldovia Native
29 Association, and the Timber Trading Company.

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SB 536

COMMITTEE COPY

1 * Sec. 3. The unexpended and unobligated balance of the appropriation
2 made by this Act lapses into the general fund December 31, 1990.

3 * Sec. 4. This Act takes effect July 1, 1990.
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STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

The Honorable Tim Kelly
President of the Senate
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that enables the state to acquire 37 square miles of inholdings within Kachemak Bay State Park. The bill appropriates \$17,820,000 to the Department of Natural Resources (DNR) to purchase all of Seldovia Native Association's land and Timber Trading Company's timber on this land in the park.

For 15 years the state has been working on various land exchange proposals to acquire Seldovia Native Association's (SNA) 24,000 acres of inholdings that are within Kachemak Bay State Park. The land was state-owned when the park was established in 1970, but then it was subsequently acquired by SNA under the Alaska Native Claims Settlement Act of 1971. In 1987, the timber on a portion of SNA's land was sold to Timber Trading Company (TTC), a subsidiary of Koncor Forest Products.

This 24,000-acre parcel lies south and east of China Poot Bay, extending south to Sadie Cove. This land is in the center of Kachemak Bay State Park. China Poot Bay has high fish and wildlife habitat values. The land owned by SNA has high recreation and scenic values and lies directly across Kachemak Bay from Homer.

Commercial recreation development and timber harvest have been proposed on this land. Acquisition of SNA's land is crucial to protect the public recreation, wildlife, and scenic values of the park. Since October 1988, DNR, SNA and TTC have been actively involved in developing a land exchange. DNR was working towards separate exchanges with SNA for the land and TTC for the timber rights. Consistent with Alaska Statutes 38.50, we had intended to submit a final exchange agreement to the Legislature for approval this session. Efforts to develop a final exchange agreement were slowed because of significant disagreements over the appraised value of the land.

An appraiser hired by SNA arrived at two different values of SNA's land in the park -- \$22.7 million and \$25.6 million. We disagreed with both appraisals because the appraiser used only parkland as comparable properties to set the value of SNA land. The appraiser made few adjustments to comparables to address differences in size, location, and date of sale. DNR contracted for an independent appraisal that valued the land at \$12 million, which SNA disagreed with.

In February, DNR established an appraisal review panel to render their opinion of the value of SNA's land. The panel concluded the value of SNA's land, with the timber still in place, is \$17,820,000. Assuming that the timber was cut on a portion of the land, the panel arrived at values for SNA's land that ranged from \$11.62 to \$15.49 million.

On February 28, after an exchange of offers, DNR offered SNA \$15.49 million, the highest value the panel arrived at assuming the timber was harvested on a portion of the land. SNA rejected this value unless the state was willing to pay the full value in cash. SNA would agree to a land exchange only if the state agreed to pay a higher value for SNA's land. DNR refused to consider an exchange that valued SNA's land higher than \$15.49 million because appraisals have not substantiated a higher value.

We agree that \$17.82 million is an acceptable value for SNA's land. This is at the high end of the appraised values, but this is a difficult parcel to appraise. This value should be the same whether SNA's land is acquired by exchange or through a cash purchase.

I support a cash purchase recognizing that past land trade efforts failed, in part, due to differing opinions of the value of SNA's land. SNA will not negotiate an exchange that is based on fair market value, but is willing to sell its land for cash at fair market value.

I request that the legislature appropriate the funds to purchase SNA's land and TTC's timber. The amount of time, effort, and money spent by the state, SNA, and the people of Alaska over fifteen years demonstrates that there is public support for making Kachemak Bay State Park whole. The length of time further demonstrates how difficult it has been to reach an agreement such as the one represented by this bill. I urge your prompt and favorable action on this measure.

Sincerely,



Steve Cowper
Governor