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Alaska State Legislature

House of Representatives

Official Business



State Capitol
Juneau, Alaska 99801-1182
(907) 465-3718

House Majority Leader

PURPOSE OF AMENDMENT TO CSSB217(FIN)am

The University of Alaska currently holds title to almost 200,000 acres of land. Of those lands approximately 109,000 acres are under what the University Office of Land Management classifies as "active management." This classification of active management however, does not solely represent revenue generating lands. A very small percentage of those lands are actually generating revenue (approx. 13,000 acres). The purpose of this amendment is to insure that the University is actively managing and generating revenue from the lands they select under this Act. If after ten years from the execution of an interim conveyance, the University is not generating revenue from the lands, title would remain in the Department of Natural Resources.


REPRESENTATIVE GAIL PHILLIPS

May 4, 1994

TO: House Community & Regional Affairs Committee Via Fax 465-3799

Attn: Harley Olberg, Chair
Larry Sanders, Vice Chair

William Williams
Con Bunde
Edward Willis
Cynthia Toohey
John Davies

SUBJ: Pass the University Land Grant Bill

As a UAF alumnus and 15 year resident, I am disappointed over the delays and amendments to SB 217. The Legislature should create policy and not procedures and move on to pass this bill as is without any further delay.

Considering the size of our state and the University's existing entitlement, the University is an embarrassment when compared to other land grant institutions. Fix this, and allow the University to expand its revenue base by granting income producing land to the University.

FROM: Pete Rutledge
P.O. Box 83743
Fairbanks, AK 99708



A M E N D M E N T

OFFERED IN THE HOUSE

TO: CSSB 217(FIN) am

Page 9, line 12, after "LAND.":

Insert new material to read:

"(a) The Board of Regents shall, by rule or regulation, establish procedures for mineral entry or location and mineral leasing on university land selections made under AS 14.40.365 that are substantially similar to mineral entry, location, and leasing procedures for state land under AS 38.05.185 - 38.05.275.

(b)"

(7)
Date Referred: April 15, 1994

HOUSE COMMITTEE REPORT
FURTHER REFERRALS:

Resources
Finance

Date of Committee Action: 5-8-94

The COMMUNITY AND REGIONAL AFFAIRS Committee considered: CSSB 217(FIN) am

SENATE BILL NO. 217 INCREASE LAND GRANT TO UNIV. OF ALASKA

"An Act relating to land of the University of Alaska and authorizing the University of Alaska to select additional state public domain land."

- RECOMMENDATIONS: the same title
 be replaced with House RS For CS For SB 217 a new title
- have attached amendments(s)
 do pass
 do not pass
 no recommendations
 individual recommendations
 additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

- ATTACHES NEW FISCAL NOTE(S): (Dept) APPROVES PREVIOUS: (Dept/Date)
- fiscal impact _____ fiscal note(s) DNR, U of A, F+G
 zero fiscal note _____ zero fiscal note(s) Revenue

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<u>Don Bryden</u>		<u>Jim Davis</u>		<input checked="" type="checkbox"/>	
<u>W.K. Williams</u>	<input checked="" type="checkbox"/>	<u>Ed Willis</u>		<input checked="" type="checkbox"/>	
<u>SOO... ..</u>	<input checked="" type="checkbox"/>	<u>Harley Olberg</u>		<input checked="" type="checkbox"/>	

Harley Olberg
CHAIRMAN'S SIGNATURE

STEVE FRANK

119 N. Cushman, Rm. 213
Fairbanks, Alaska 99701
(907) 452-3421

Alaska State Legislature



While in Juneau
P.O. Box V
Juneau, Alaska 99811
(907) 465-3709
Capitol Rm. 417

Senate

Sponsor Statement - Senate Bill No. 217

"An Act relating to land of the University of Alaska and authorizing the University of Alaska to select additional state public domain land."

SB 217 would allow the University of Alaska to select 500,000 acres of unencumbered land from the State of Alaska.

In this era of declining state funds, endowing the university with additional lands will allow it to develop those lands to produce income for university programs.

Under the Congressional Morrill Act of 1862, each state was entitled to receive a grant for public lands, the income from which would provide the financial base of operation for at least one college or university. The University of Alaska received about 112,000 acres of land, less than any other western public land state and less than the national average entitlement of over 300,000 acres with New Mexico and Oklahoma receiving about one million.

I believe that an additional grant of land would bring Alaska up to the level of other western states and follows through with the original purpose of land grant colleges.

Thank you for your consideration.

AMENDMENT # 1

BY REP. G. PHILLIPS

OFFERED IN THE HOUSE
COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

TO: CSSB 217(FIN)am

Page 5, line 11, after "convey":

Delete all material and insert:

" , subject to divestiture under (n) of this section, a document of interim conveyance under (k) of this section or a patent to land."

Page 8, following line 3:

Insert a new subsection to read:

"(n) When the commissioner of natural resources issues a document of interim conveyance under (k) of this section or a patent for land selected and held by the University of Alaska, the commissioner of natural resources shall retain the right to reenter the land conveyed and recover title to it if on the tenth anniversary of the execution of the conveyance the commissioner of natural resources finds that the University of Alaska is not actively managing the land to provide income for the support of its education programs. For purposes of this subsection, "actively managing the land to provide income" means that the University of Alaska is deriving revenue from the land selection."

TO: Mr. Dave Kamrath
Staff, Hs. Comm. Community & Regional Affairs

FROM: *JP* Jeff Parker FH: 272-9377(w); 272-9319(f)
Anchorage Fish and Game Advisory Committee, Legislative
Subcommittee Chair; Board of Directors, Alaska
Sportfishing Assn.; Vice Pres., State Council Trout
Unlimited

RE: S.B. 217 (University Lands Bill) (OPPOSED)

4/27/94

The Anchorage Fish and Game Advisory Committee, the Alaska Sportfishing Association and Trout Unlimited oppose S.B. 217. Because I thought this bill was dead and had no notice that it was to be heard today, I am sending this memo in behalf of all three entities, though I would have preferred to use separate letterheads and run a draft of this past the executive officers of each. Nevertheless, you should have prior opposition from each in your files.

I'll start with matters of public policy and then turn to fish and game interests.

1. There is no reason why the University should be able to select land ahead of any yet-unformed borough in the unorganized borough. This bill accomplishes that. It puts the university ahead of local interests that may evolve into local governmental interests and municipal land entitlements and selections. Any representative who supports this bill should be prepared to answer to rural residents why the University should come ahead of their interests.

2. Similarly, there is no reason why the University should come ahead of borough governments that have not fully selected and received their entitlements, or that may receive expanded entitlements under H.B. 259 (Lake and Peninsula Borough land entitlement) or S.B. 375 (expands all borough land entitlements). (Anch. F&G AC, ASA and TU oppose H.B. 259 and S.B. 375 also, but that is a different question than the issue of priority of selection we raise here.)

3. There is no reason to consider S.B. 217 until the mental health litigation is fully settled. ASA and TU intervened and have remained parties to that litigation out of concern for protection of important habitats and public use on public lands. One of the lessons of the mental health litigation is that there is little if any nonmineral land that has economic value that is not in the current settlement proposal. Why should we recreate in the context of University lands the same conflicts over loss of public lands that have arisen in the settlement discussions of the mental

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To	KAMRATH	From	PARKER
Co.	465-3799	Co.	

health litigation?

4. Because the mental health litigation is going to consume much of the State's nonmineral land that has economic value, the likely result of University selections will be that they will settle upon riparian lands in two locations. One is upon riparian lands in the Susitna Valley, where timber and recreational value will drive the selection. The other is upon riparian lands in the central Bristol Bay drainages of the Nushagak River, Mulchnatna River, and Iliamna Lake, where perceived recreational value will drive the selection. It was in part the Susitna Valley lands that resulted in the environmental/sport intervention in the mental health litigation. This bill invites the same opposition.

5. Land disposals, sales and leases for additional recreational development in the central Bristol Bay drainages only invites increased conflicts between user groups. We have already created separate resident and nonresident moose hunting seasons and separate harvest regulations in Game Units 17B, 17C and 9B that comprise the Nushagak, Mulchatna and Iliamna Lake drainages. Those measures reflect for all practical purposes the nearness of triggering the subsistence priority and existing concern about too much pressure from the combination of local and nonlocal demand. The same is true on Nushagak chinook and coho, where biological concerns have resulted in restrictions on the commercial chinook harvest and closure last year of subsistence harvest of coho. If the University selects lands, as we suspect it will, in the southwest Alaska drainages, for purposes of recreational sales or leases, then the result could be further conflict between user groups and further restrictions on various user groups. Such results, to the extent they are predictable, will undermine state efforts to regain management of fisheries (which was seriously undermined by Judge Holland's recent decision) and regain subsistence management of game.

6. Disposals, sales or leases by the University for recreational development in the Bristol Bay drainages will likely erode the economic productivity of the existing recreational industry. In 1988, I authored a study of the economics and marketing practices of wilderness based recreation industry for the Alaska Hotel and Motel Association, the Alaska Professional Sport Fishing Association, and the Alaska Sportfishing Association. One of its conclusions is that when the wilderness based sport fishing industry overgrows it surpasses its economic carrying capacity and "tips over" so that it produces fewer dollars off of more users as the users shift from being predominated by high-dollar recreational fishers after world class trout plus salmon in a wilderness setting to low-dollar users after salmon in a more crowded setting. I can give you many statistics on commerce, job productivity, resident and nonresident composition of the recreational users in the Bristol Bay drainages compared to the west side of the Susitna and the Kenai Peninsula, but suffice it to say that the recreation industry in the Bristol Bay drainages is likely to be hurt, not helped, by letting University selections settle in those drainages.

7. Attached is a press release that reflects a recent call -- by delegates from the Iliamna, Nushagak, Naknek/Kvichak and Anchorage Fish and Game Advisory Committees -- for creation of a Central Bristol Bay Drainages Fish and Game Reserve. Those committees represent 20 villages (though the release says "approximately 15") plus Anchorage. The release is self-explanatory. Suffice it to say that concern for retention of public lands, protection of existing uses and avoidance of increased conflicts are the purposes of the proposal. It arises in large measure out of bills like S.B. 217, H.B. 259, mental health land litigation, and S.B. 375.

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STATE OF ALASKA
 Lake Iliamna Fish & Game Advisory
 Committee; Nushagak Fish & Game
 Advisory Committee; Naknek/Kvichak
 Fish & Game Advisory Committee, and
 Anchorage Fish & Game Advisory
 Committee

Contact: Joe Chythlook
 Alaska Department
 of Fish & Game,
 Boards Support
 Section
 Dillingham, Ak.
 (907) 842-5142

NEWS RELEASE

IMMEDIATE RELEASE
 April 26, 1994

FOUR FISH AND GAME ADVISORY COMMITTEES CALL FOR
 ESTABLISHMENT OF A FISH AND GAME RESERVE
 TO PROTECT PUBLIC LANDS AND EXISTING USES

On April 24, 1994, representatives of the Iliamna, Nushagak, Naknek/Kvichak and Anchorage Fish and Game Advisory Committees met in Dillingham and unanimously agreed in concept to jointly recommend the establishment of a Central Bristol Bay Drainages Fish and Game Reserve. The proposed reserve would include much of the state lands in the drainages of the Nushagak River, Mulchatna River, Kvichak River and Iliamna Lake. Private lands, including Native lands, would not be included. The purposes of the new reserve would be to protect and conserve valuable fish and wildlife habitat on public lands and protect existing and future uses of the fish and wildlife.

More than twenty representatives of the four committees attended as delegates to the joint meeting in the Dillingham City Hall. The four committees also established a task force of three from each committee to conduct further work and language on the final draft of the proposed reserve.

The Central Bristol Bay drainages are the most productive salmon habitat in the world and are also home to the world class rainbow trout. They contain the third largest caribou herd in Alaska as well as some of the highest brown bear populations in the world. The region is also noted for significant populations of moose, furbearers, raptors, and even unique, inland populations of marine birds and seals that frequent Iliamna Lake. These drainages support a tremendous amount of commercial, subsistence and recreational use.

Fish and Game Advisory Committees serve the function of advising State of Alaska Fisheries and Game Boards. They also deal with the Federal Subsistence Board on fish and game related matters. Approximately 15 villages in Southwest Alaska as well as Anchorage were represented by the advisory committee members present in Sunday's meeting. Fish and Game Advisory Committees were established pursuant to State and Federal law and are designed to provide local input and recommendations on the management of fish and wildlife, protection of habitat, and its various uses.

*** BND**

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To Dave Karmath	From Parker	
Co. H.C.C.R.A.	Co. ANC FIG AC	
Dept.	Phone #	
Fax #	Fax #	

Alaska Forest Association, Inc.



111 STEDMAN SUITE 200
KETCHIKAN, ALASKA 99501-6599
Phone 907-226-6114
FAX 907-226-5920

POSITION IN FAVOR OF SB217
BY THE ALASKA FOREST ASSOCIATION

MARCH 15, 1994

The Alaska Forest Association supports SB217 which would provide additional lands to the University of Alaska as part of their land grant. This additional grant will give the University a more solid revenue generating base from which to operate.

AFA appreciates the manner in which the University of Alaska now manages the lands it holds. They have been aggressive in utilizing these lands for the generation of revenue in a professional and environmentally prudent manner. Not only have these management activities generated revenues for the University, but also a large number of jobs for the communities in and around their holdings.

AFA supports SB217 as a method of further supporting the University of Alaska and managing the natural resources of the State.

FISCAL NOTE

No. 5
 Bill Version: CSSB 217 (FIN)
 (S) Publish Date: 3-16-94

**STATE OF ALASKA
 1994 LEGISLATIVE SESSION**

Revision Date: Feb. 22, 1994
 Title: An Act relating to land of the University of Alaska and authorizing the University of Alaska to select additional...
 Sponsor: Senator Frank
 Requestor: Senate Finance

Dept. Affected: Natural Resources
 BRU: Resource Development
 Component: Land Development

COMPONENT SERIAL NO. 431

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	60.0	60.0	60.0	60.0	60.0	60.0
TRAVEL	5.0	5.0	5.0	5.0	5.0	5.0
CONTRACTUAL	5.0	5.0	5.0	5.0	5.0	5.0
SUPPLIES	1.0	1.0	1.0	1.0	1.0	1.0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	71.0	71.0	71.0	71.0	71.0	71.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						

FUND SOURCE:

(Thousands of Dollars)

1002 FEDERAL RECEIPTS						
1003 GF MATCH						
1004 GF						
1005 GF/PROG RECEIPTS						
1006 GF/MHTIA						
OTHER I/A Receipts	71.0	71.0	71.0	71.0	71.0	71.0
TOTAL	71.0	71.0	71.0	71.0	71.0	71.0

Estimate of any current year (FY 93) cost: \$ 0

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary.)

This fiscal note is for the minimum necessary for DNR to process land conveyances to the University of Alaska. All costs for the conveyance work will be paid by the University to DNR using Interagency Receipts. It is impossible to project the amount of revenue these conveyances will generate for the University without knowing what lands will be transferred.

Prepared By: Ron Swanson
 Division: Land

Phone: 762-2692
 Date: February 22, 1994

Approved by Commissioner: _____
 Agency: Natural Resources

Date: _____

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FISCAL NOTE

No. 4
 Bill Version: SSB 217 (FIN)
 (S) Publish Date: 2-10-94

STATE OF ALASKA
 1994 LEGISLATIVE SESSION

BILI

Revision Date: _____ Dept. Affected: Revenue
 Title: An Act relating to land of the University of Alaska BRU: Revenue Operations
authorizing selection of state public domain land Component: Treasury Management
 Sponsor: Senator Frank
 Requestor: Senate Resources Committee COMPONENT SERIAL NO. 121

Expenditures/Revenues: (Thousands of Dollars)

	FY95	FY96	FY97	FY98	FY99	FY00
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE FUND SOURCE:	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: \$ 0

ANALYSIS: (Attach a separate page if necessary.)

This legislation would not affect operating costs. However, potential General Fund revenues resulting from development of land granted to the University would accrue to the benefit of the University of Alaska Trust Fund rather than the General Fund.

Prepared by: Laraine L. Derr, Deputy Commissioner Phone: 465-4880
 Division: Treasury Date: 2/16/94
 Approved by Commissioner: Darrel J. Rexwinkel Date: 2/16/94
 Agency: Department of Revenue

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STATE OF ALASKA
1994 LEGISLATIVE SESSION

FISCAL NOTE

No. 3

3

Bill Version: CSSB 217 (FIN)

(S) Publish Date: 3-10-94

Revision Date:

Title: Land grant to the University

Department Affected: University of Alaska

BRU: Statewide Programs and Services

Component: Statewide Services

Sponsor: Frank

Requester:

COMPONENT SERIAL NO.

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	100.0	100.0	100.0	100.0	100.0	100.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	100.0	100.0	100.0	100.0	100.0	100.0

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

REVENUE FD SOURCE						
-------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

1002 FEDERAL FUNDS						
1003 GF MATCH						
1004 GENERAL FUND						
1006 GF/MHTLA						
1048 University Receipts	100.0	100.0	100.0	100.0	100.0	100.0
TOTAL FUNDING	100.0	100.0	100.0	100.0	100.0	100.0

POSITIONS:						
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

The costs identified are for a contract with the Department of Natural Resources for land conveyance costs. Costs could exceed those identified if land conveyance can be done more quickly than is currently anticipated. Any additional expenses will be covered from the land grant trust fund, identified as University Receipts. Additional receipt and expenditure authority would be requested at that time. Additional land will generate additional revenue. However, without specific identification of land we are unable to quantify the potential for revenue generation.

Prepared by: Wendy Matheny, Budget Analyst
Division: Statewide Budget Office

Phone: 463-3086
Date: _____

Approved by: Alison Elgee, Associate Director
Agency: Statewide Budget Office

Date: 3/19/94

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

FISCAL NOTE

No. 2

Bill Version: CSSB 217 (FIN)

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL N

(S) Publish Date: 3-10-94

Revision Date: _____
Title: University Land Selection
Sponsor: Senator Frank
Requestor: Senate Finance

Dept. Affected: Fish and Game
BRU: Habitat and Restoration Division
Component: Natural Resources
COMPONENT SERIAL NO. 486

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	30.0	30.0	30.0	30.0	30.0	30.0
TRAVEL	1.5	1.5	1.5	1.5	1.5	1.5
CONTRACTUAL	1.0	1.0	1.0	1.0	1.0	1.0
SUPPLIES	0.5	0.5	0.5	0.5	0.5	0.5
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	33.0	33.0	33.0	33.0	33.0	33.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	33.0	33.0	33.0	33.0	33.0	33.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	33.0	33.0	33.0	33.0	33.0	33.0

Estimate of any current year (FY 94) cost: \$ 0.0

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary) The Department of Fish and Game will require approximately one half-time habitat biologist to review university land selections and advise the Department of Natural Resources on the effects of conveyance to fish and wildlife resources, public uses of fish and wildlife and, potentially for management and use of legislatively designated state game refuges, critical habitat areas, and game sanctuaries. Additionally, as university land selections are made, existing state land management and Special Area plans the habitat biologist requested will have to be revised to reflect the changes in land management. This function would also be performed by habitat biologist, who would advise the Department of Natural Resources on their revised land management plans and revise the Department of Fish and Game's Special Area plans as needed.

As there are no deadlines in the bill on the university selections or the appeals that are likely to occur, it is anticipated that these additional personnel costs will recur annually, for the foreseeable future.

Prepared By: Frank Rue *Submitted for FR* Phone: 465-4105
 Division: Habitat and Restoration Date: 03/02/94
 Approved by Commissioner: *[Signature]*
 Agency: Alaska Department of Fish and Game Date: 03/02/94

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University of Alaska

Statewide System

SB 217 EXPANDING UNIVERSITY OF ALASKA LAND GRANT

By Senators Frank, Kerttula, Müller, Rieger, Taylor, Sharp

The University of Alaska is called a "Land Grant University" in the tradition of American land grant universities, providing teaching, research and public service to the people of Alaska. While the University has attempted to mold itself in the land grant tradition, one piece of that tradition is lacking – a sufficient land grant.

In 1915, Congress provided a land grant of approximately 250,000 acres – every section 33 in the Tanana Valley – to support the Territorial Agricultural College and School of Mines, together with a site for the institution itself. In 1929 Congress granted an additional 100,000 acres of public lands for the use and benefit of the Agricultural College and School of Mines.

In 1959, the Alaska Statehood act extinguished the University's right to receive the unsurveyed sections 33 of the Tanana Valley, leaving the University with 100,000 acres. Congress so acted because its land grant to the state was by far the most generous of all state land grants. Supporters of the extinguishment said the state clearly was receiving enough land that it could provide necessary land to support the University. The State of Alaska has never kept this moral obligation to the University of Alaska.

Forty-nine of the states received land grants to support their universities. In all but one, the universities received more land than the University of Alaska, notwithstanding the fact that Alaska's state land grant is 16 times the size of the average state land grant. In eighteen of the lower 48 states, the entire federal land grants – 100% – went to support the universities. In Alaska, less than one percent – 0.11% – went to the University.

The State of Alaska did not manage what land the University received well. In 1978, following legislative appropriation of the University's most valuable acreage, the University sued, eventually winning a legislative settlement that reconstituted the University land trust. Later litigation brought replacement land for the legislatively-appropriated acreage. The University's total land grant holdings today total 140,000 acres. Still, nearly 50,000 acres of limited timber cutting rights west of Icy Bay remains tied up in litigation.

Alaskans look to the University of Alaska to provide for some of its financial needs by earning income from the federal land grant, yet Alaskans do not realize the paucity of lands managed by the university.

If the University of Alaska received the average percentage of the total federal grant to the state -- 42.01% of the State of Alaska grant -- the University would be managing 43 million acres, and would probably need no further state support. If the University of Alaska received a proportional share of the total federal grant to universities -- 5.09% of the State of Alaska grant -- the University would be managing 5.3 million acres. Even bringing the University of Alaska's federal grant up to the average of the smaller states -- 340,000 -- would triple the size of the University's federal grant.

Passage of this legislation will allow expansion of the University of Alaska land grant, and allow the University to generate additional revenue in support of its programs. The lands would be responsibly managed to generate income. The University is currently involved in a wide range of projects including commercial leasing, development and sale of residential and remote subdivisions, oil and gas lease sales, timber and gravel sales and mineral leasing.

contact:

Wendy Redman
University Relations
463-3086/474-7582

State Land Grant Rankings

Ranked by the amount of federal land given to Land Grant University Systems	
1 New Mexico	1,346,546
2 Oklahoma	1,050,000
3 New York	990,000
4 Arizona	849,197
5 Pennsylvania	780,000
6 Ohio	699,120
7 Utah	556,141
8 Illinois	526,080
9 Indiana	436,080
10 Montana	388,721
11 Idaho	386,666
12 Alabama	383,785
13 Missouri	376,080
14 South Dakota	366,080
15 Massachusetts	360,000
16 Mississippi	348,240
17 Washington	336,080
18 North Dakota	336,080
19 Wisconsin	332,160
20 Kentucky	330,000
21 Tennessee	300,000
22 Virginia	300,000
23 Iowa	286,080
24 Michigan	286,080
25 Georgia	270,000
26 North Carolina	270,000
27 Louisiana	256,292
28 Minnesota	212,160
29 Maine	210,000
30 Maryland	210,000
31 New Jersey	210,000
32 California	196,080
33 Arkansas	196,080
34 Florida	182,160
35 Connecticut	180,000
36 South Carolina	180,000
37 Texas	180,000
38 Kansas	151,270
39 New Hampshire	150,000
40 Vermont	150,000
41 West Virginia	150,000
42 Colorado	138,040
43 Oregon	136,165
44 Nevada	136,080
45 Nebraska	136,080
46 Wyoming	136,080
47 Rhode Island	120,000
48 Alaska	112,064
49 Delaware	90,000
50 Hawaii	0
TOTAL	16,707,787

Average 334,156

Ranked by the percentage of the state grant given to Land Grant University Systems	
1 New York	100.00%
2 Pennsylvania	100.00%
3 Massachusetts	100.00%
4 Tennessee	100.00%
5 Virginia	100.00%
6 Georgia	100.00%
7 North Carolina	100.00%
8 Maine	100.00%
9 Maryland	100.00%
10 New Jersey	100.00%
11 Connecticut	100.00%
12 South Carolina	100.00%
13 Texas	100.00%
14 New Hampshire	100.00%
15 Vermont	100.00%
16 West Virginia	100.00%
17 Rhode Island	100.00%
18 Delaware	100.00%
19 Kentucky	93.06%
20 Oklahoma	33.92%
21 Ohio	25.34%
22 Washington	11.04%
23 Indiana	10.79%
24 South Dakota	10.56%
25 North Dakota	10.52%
26 New Mexico	10.52%
27 Idaho	9.09%
28 Illinois	8.44%
29 Arizona	8.05%
30 Alabama	7.67%
31 Utah	7.41%
32 Montana	6.52%
33 Mississippi	5.71%
34 Missouri	5.07%
35 Nevada	4.99%
36 Nebraska	3.93%
37 Iowa	3.55%
38 Wisconsin	3.26%
39 Wyoming	3.13%
40 Colorado	3.09%
41 Michigan	2.36%
42 Louisiana	2.24%
43 California	2.22%
44 Kansas	1.94%
45 Oregon	1.94%
46 Arkansas	1.54%
47 Minnesota	1.29%
48 Florida	0.75%
49 Alaska	0.11%
50 Hawaii	0.00%
TOTAL	5.09%

Average 42.01%

Ranked by the amount of federal land given to the States	
1 Alaska	104,569,251
2 Florida	24,214,366
3 Minnesota	16,422,051
4 New Mexico	12,794,718
5 Michigan	12,142,346
6 Arkansas	11,936,334
7 Louisiana	11,441,343
8 Arizona	10,543,753
9 Wisconsin	10,179,304
10 California	8,825,508
11 Iowa	8,061,262
12 Kansas	7,794,669
13 Utah	7,501,737
14 Missouri	7,417,022
15 Oregon	7,032,347
16 Illinois	6,234,555
17 Mississippi	6,097,997
18 Montana	5,963,338
19 Alabama	5,006,283
20 Colorado	4,471,504
21 Wyoming	4,342,520
22 Idaho	4,254,448
23 Indiana	4,040,518
24 Nebraska	3,452,711
25 South Dakota	3,435,373
26 North Dakota	3,163,552
27 Oklahoma	3,095,760
28 Washington	3,044,471
29 Ohio	2,758,862
30 Nevada	2,725,225
31 New York	990,000
32 Pennsylvania	780,000
33 Massachusetts	360,000
34 Kentucky	354,607
35 Tennessee	300,000
36 Virginia	300,000
37 Georgia	270,000
38 North Carolina	270,000
39 Maine	210,000
40 Maryland	210,000
41 New Jersey	210,000
42 Connecticut	180,000
43 South Carolina	180,000
44 Texas	180,000
45 New Hampshire	150,000
46 Vermont	150,000
47 West Virginia	150,000
48 Rhode Island	120,000
49 Delaware	90,000
50 Hawaii	0
TOTAL	328,426,536

Average 6,568,531

FACT SHEET

SB 217 - Enhancing UA Land Grant

1. Does not take effect until final settlement of the mental health land dispute;
2. Gives priority to Municipal land selections;
3. Provides that land transfers are subject to:
 - * §(i) of Alaska Statehood Act
 - * Permanent Fund requirements for oil, gas and mineral royalties and bonuses
 - * Other rights of the state
4. Allows UA to select 1,000,000 acres including lands:
 - * Not conveyed by the state
 - * Not reserved from public domain
 - * Not included in 5-year oil & gas leasing program
 - * Not necessary for interagency agreement
 - * Not subject to land exchange
 - * Unconveyed and unencumbered, except:
 - Leases (other than oil and gas)
 - Timber contracts
 - Mining claims
 - Materials sales
 - Land use permits
 - Exploration licensing area
5. Department of Natural Resources can refuse to convey land if the Commissioner considers the retention of land in state ownership to be in the best interests of the state;
6. The University can appeal the Commissioner's decision to the Governor, but is prohibited from entering into litigation;
7. The University pays the costs of land conveyance and surveying;
8. Income from existing encumbrances (leases, mining claims, timber contracts, etc.) go to state until term of existing agreement is completed.

SB 217 has had three substantive hearings in the Senate. The changes and clarifications that have been made in response to concerns and questions are summarized as follows:

Senate HESS Committee:

- * Income from existing leases goes to the state
- * No conflict with exploration licensing
- * Mental health selections take priority

Senate Resources Committee:

- * UA pays for conveyance costs
- * Exterior boundary survey only
- * Trust receipts subject to legislative appropriation
- * DNR management of existing encumbrances

Senate Finance Committee:

- * 15-year time limit to select lands
- * Provides for interim conveyance
- * Prohibits litigation and provides appeal process to the Governor

SB 217 - UA LAND GRANT

Why 1 million acres?

The University wanted 5 million acres -- which represents the average percentage of state grant lands given to Grant University Systems. We thought that was too much and settled for 1 million acres. This percentage will move the UA Land Grant System from the lowest to the second lowest of the forty-nine states receiving land grants (Hawaii did not receive any land grant from the federal government).

What is the impact relative to the Mental Health litigation?

The bill directs that the University cannot begin selections until final completion of all litigation relating to the Mental Health trust suit. [Sec. 11]

Will we end up with another land litigation between the state and the UA?

SB 217 prohibits litigation in UA appeals or land selections. The bill directs that all appeals will be settled by the Governor [Sec. 4 (f)]

Why should the University be involved in managing state lands?

The federal government established public land grant universities with land intended to be used to support the teaching, research, and public service activities deemed necessary by the state. With state revenues declining, an adequate land base will provide the University with alternative revenues to support its programs.

This bill will divert state revenues to the University?

The purpose of this bill is to generate new state revenue. Other than oil and gas lands, the Department of Natural Resources has not been very successful in getting state lands into revenue generating development. Land management projects pursued by the University such as subdivision development, recreational sites, gravel, timber, and mineral exploration have all added new resources to the state that would likely not have been developed if the land remained in state ownership.

How will the University account for additional land revenue?

The Finance version of SB 217 [Sec. 9] requires that all monies from the UA land trust be appropriated by the legislature as program receipts.

What process is in place at the University for public hearings on its land management proposals?

As a public entity, the UA is subject to all provisions of the Open Meetings and Open Records acts. The annual land plan is noticed 30 days in advance, and sent out to all interested groups and individuals. Public testimony, including audio conferencing as requested, is taken at the Board of Regents meeting, and written comments from interested individuals are provided to the Board. In addition, individual projects in organized municipalities are subject to all the public processes associated with planning, zoning and re-platting. Other public processes which may be required for specific land transactions include permits and rights-of-way by the US Army Corps of Engineers, the State Division of Lands, the State Division of Forestry, and findings of consistency with the Alaska Coastal Zone Management Law, the Forestry Practices Act and other state and federal statutes that govern the public and private development of Alaska's land.

Why doesn't UA land management fall under Title 38 provisions?

Title 38 (Alaska Public Lands) applies to the state's "public domain land" and UA trust land is specifically defined as "not public domain land". Public domain lands are intended to be managed in a way that provides for the broadest possible public interest. While this may be appropriate for state lands, the whole idea of UA trust lands is that they are established to "...provide income for the support of public higher education in the state."

Land made available for conveyance to the UA Trust must undergo the public notice provisions outlined in Title 38 [Sec. 4.(h)] prior to availability for UA selections. SB 217 provides the Commissioner of DNR with the responsibility for making the "best interest" determinations on all lands available for transfer.

Is UA trust land exempt from the Forest Practices Act?

No. The act applies to all public and private land. As does the Coastal Zone Management Act.

Why should the UA be allowed to develop oil and gas leases?

SB 217 prevents all oil and gas lands in the DNR 5 year plan from being available for conveyance [Sec. 4.(a)(3)]. The fact is that if the University can get additional oil and gas lands into development it will be in the state's best interest. If the University, by some stroke of luck, selected land that the state had not already identified, and began earning millions of dollars a year in revenue, it is likely that the state would consider their option of displacing the current general fund base!

What happens to income from existing leases and encumbrances?

SB 217 provides that all income from existing leases and encumbrances remains with the state until termination of the contract [Sec. 6.].

Who will pay for surveying and land conveyance?

SB 217 provides that all costs will be paid by the University from program receipts [Sec. 1.(j)]

What is the current status of the UA land trust?

The UA trust owns 112,000 acres and interest in an additional 85,000 acres. Of the total 197,000 acres that the University owns or has an interest in, 109,000 or 55% is being actively managed for revenue potential. Of the remaining 88,000 acres, we estimate that 36,000 are glaciers, mountain tops, wetlands or physically undevelopable and the remaining 52,000 acres are either very remote or otherwise viewed as longer term development opportunities.

In FY87, the first year the University had management of its own lands, the trust had annual revenues of \$590,000. In FY93, the trust generated \$4.1 million, or approximately \$20.80 per acre. In FY93 the state generated \$9.2 million, or \$0.11 per acre from its 85 million acres (excluding oil and gas). Fiscal year 94 revenues are expected to be approximately \$7 million.

DIVISION OF LEGAL SERVICES

LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

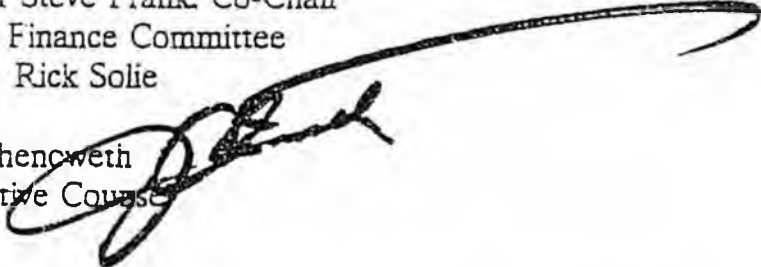
MEMORANDUM

April 1, 1994

SUBJECT: CSSB 217 (Finance) -- Sectional analysis
(Work Order No. 8-LS0468\X)

TO: Senator Steve Frank, Co-Chair
Senate Finance Committee
ATTN: Rick Solie

FROM: Jack Chencweth
Legislative Counsel



The measure proposes (1) to permit the University of Alaska to select and receive the conveyance of one million acres of land that has been selected by the state under the provisions of section 6(b) of the Alaska Statehood Act and (2) to hold the land selected in trust as part of the University endowment.

Specifically--

Bill section 4, proposing a new section, AS 14.40.365, would authorize selection of, and conveyance of, state land by the University:

-- Subsection (a) sets the total amount of land the University may select and describes the kind of land that is available to the University to complete its selection, tying the description of the kind of land that may be selected to its status on the date the land is selected.

-- Subsection (b) sets aside the effect of AS 38.05.125(a) to allow the state to pass the mineral or subsurface estate in the land selected to the University.

-- Subsection (c) mandates conveyance of University selections "unless the commissioner [of natural resources] determines under [subsection (e)] that the title should not be conveyed."

-- Subsection (d) directs that when the University has made a land selection, the land selected is closed to entry until a decision is made on the proposed selection.

-- Subsection (e) precludes the commissioner of natural resources from conveying land if the conveyance of the proposed selection conflicts with a municipal land selection or is not in the state's best interests, and identifies six factors that the commissioner is to consider.

-- If there is a difference of opinion between the Board of Regents and the commissioner of natural resources as to a land selection, subsection (f) directs the governor to make a final decision with respect to the conflict over the selection.

-- Subsection (g) declares that the University takes land conveyed to it subject to any outstanding possessory interest--any outstanding interest in the party held or asserted by a third party--but gives to the University the right to any consideration otherwise due the state for that possessory interest from date of conveyance to termination of the possessory interest.

-- Subsection (h), applicable to the land conveyances, imposes on the commissioner of natural resources the duty to provide notice and allow access.

-- Subsection (i) subjects the land that is transferred or conveyed to the University to certain other laws:

-- section 6(i) of the Statehood Act, reserving to the state--under subsection (b), presumably to the University the mineral estate;

-- article IX of the state constitution, addressing, generally, matters of finance and taxation;

-- AS 19.10.010, a provision relating to the reservation of state land for public highway purposes; and

-- the rights of the state under former 43 U.S.C. 932--more commonly known as RS 2477--relating to rights-of-way over unreserved public land for public highway construction:

but it excludes from selection by and conveyance to the University certain lands obtained by the state under the Alaska Omnibus Act, P.L. 86-70.

-- Subsection (j) requires the University to bear the costs of selection, platting, surveying, and conveyance of its selections and sets limits on the nature of the survey requirements that attach to land selections.

-- Subsection (k) permits use of documents of interim conveyance.

-- Subsection (l) declares that, with the exception specifically noted, management of land conveyed by a final or an interim conveyance document vests with the University from the date of the document's execution.

-- Subsection (m) sets a final land selection limitation date of December 31, 2009.

There are three closely related sections --

Bill section 5 repeals and reenacts proposed AS 14.40.365(e) adding land subject to an oil and gas exploration license to municipal land selections and other selections that are not in the state's best interests as land that the commissioner may not convey to the University under AS 14.40.365.

Bill section 11 sets aside land that may be used to satisfy the obligation to reconstitute the mental health trust as other land that may not be conveyed to the University under the Act.

Bill section 12: Section 11, described above, is tied to the coming into effect of ch. 66, SLA 1991, legislation settling the state's obligation to reconstitute the mental health trust. Section 12 expresses legislative intent that, in the event section 11 does not take effect before the principal land selection and conveyance provisions of this Act, the commissioner of natural resources reject selections by the University of Alaska of land described in section 11 and made under the provisions of this Act that would be required to reconstitute the mental health trust.

There are a number of collateral provisions --

Bill section 2 amends AS 14.40.170(a) to add to the duties of the Board of Regents responsibility for the land selected and conveyed to the University under AS 14.40.365, and requires the Regents to include within their required annual report a discussion of the earnings of that land.

Bill section 3 adds "land selected by and conveyed to the University [of Alaska] under AS 14.40.365" as land that is not to be treated as part of the state public domain land.

Bill section 6 addresses the manner of the management and disposition of income from encumbrances on land selected by and conveyed to the University. That responsibility shifts from the state to the University only after conclusion of the term of an existing encumbrance and the term of any renewal that may be authorized by the language of the existing encumbrance.

Bill section 7: A key provision, this amendment of AS 14.40.400(a) alters the provision that directs the University to establish an endowment trust fund for land conveyed to it under the 1929 grant to the Territory of Alaska for the benefit of the University to require deposit into the trust the land selected by the University and

Senator Steve Frank

April 1, 1994

Page 4

conveyed by the state under AS 14.40.365. The land selections made under bill section 4 would be managed under applicable trust principles.

Bill section 8 makes disbursements from the University endowment trust fund subject to legislative appropriation.

Bill section 9 amends the definition of "university receipts" to incorporate reference to the net income of the University trust fund.

Bill section 10: This amendment of AS 29.45.030(a) would extend to the land selected by the University and conveyed to it under AS 14.40.365 the exemption from municipal taxation that is provided to other land granted by the federal or state governments to the University for land grant purposes, by extending to this selected land the exception to an exemption of state land held for purposes of investment.

Bill section 1 incorporates into proposed findings and a statement of purpose a brief statement of the history of University land transactions and a justification for this measure.

Finally, there are two contingent effective date provisions --

Bill section 13 ties the effective date of bill section 5 (special provision relating to oil and gas exploration licensing) to adoption of a version of that Act.

Bill section 14 ties the effective date of section 11 (University selections not to conflict with mental health land selections) to the effective date of ch. 66, SLA 1991.

JBC:lmb

94-107.lmb

UNIVERSITY OF ALASKA
STATEWIDE ADMINISTRATION

TO: Senator Steve Frank

FROM: Wendy Redman

DATE: March 18, 1994

RE: Public Process for University Land Management

In discussing SB 217, the University land bill, questions have come up regarding the process for public review of UA land management projects. As you know, the Board of Regents are clearly subject to the state's open meetings and open records statutes and have a history of doing their business, including Board retreats, in open public sessions. All land management decisions must be made by the Board following public notice and public consideration of the proposal. Our internal processes call for multiple opportunities for public involvement in university land management decisions, which vary depending on the type of land management project, the location of activities, and the scale of the projects. While we have received complaints about specific land development projects, we have not, to my knowledge, received complaints about the lack of opportunity for public input.

Each year, the Statewide Office of Land Management prepares an annual plan of operations. This plan includes all projects planned for the coming year, details progress of the previous year's projects, and summarizes all completed and ongoing projects. It is presented to the Board of Regents for approval, normally at the December meeting. The public meeting notice for that Board meeting includes notice of the land plan and is published in all of the major newspapers of the state. Copies of the plan are available for public review at least 30 days prior to the meeting at sites around the state and copies are provided directly to all interested groups and individuals. During the Board of Regents meeting, members of the public can comment on any land management projects contained in the plan.

The public comment portion of regular Board of Regents meetings are also an opportunity for members of the public to bring their concerns about potential land projects which are not yet slated for action by the board. The public has taken advantage of the opportunity to address the Board on many occasions, and their input is taken very seriously by the Board. If individuals cannot be present in the community where the Board is meeting, written testimony is taken or arrangements for audio conferencing can be made.

Occasionally, special projects are initiated which are not included in the plan. In such events, a separate agenda item is brought before the Board of Regents after public notice. Action is taken by the Board after the opportunity for public comment at the meeting.

Questions have arisen regarding Section 3 of the bill that defines UA trust lands as being "...not public domain land." First of all, this section provides no change from the current trust land status, but only provides that the new lands are given the same status. The concerns have been that this somehow exempts the UA from other statutes regarding land management practices such as the Forest Practices Act and the Coastal Zone Management Act. This is definitely not true. As you know, these statutes all apply to all public and private land development, and the University is subject to all statutory provisions regarding land development projects that are covered by these acts. The definition of trust lands as "not in the public domain" has to do with the primary purpose of the lands. Public domain lands are intended to provide the broadest possible public use, while UA trust lands are intended to provide "...income for the support of public higher education in the state." The distinction is not intended as a shield to protect the UA from public processes on land development projects, but to clarify the primary purpose of the trust.

Land management decisions in organized municipalities which require changes in planning and zoning rules, or which require re-platting (which includes the majority of new projects) must also follow the public notice and hearing requirements of the particular community, which typically involve public meetings and/or hearings of the platting board, planning and zoning commission, or in some cases, action by the local council or assembly.

Other public processes which may be required for specific land transactions include permits and rights-of-way by the US Army Corps of Engineers, the State Division of Lands, the State Division of Forestry, and findings of consistency with the Alaska Coastal Zone Management law. Each of these processes also include public notice and opportunities for public comment.

I hope this information will be helpful to you if further questions arise on this issue. As I said above, the University has not had complaints about the lack of opportunity for public input in our management of University lands, or in any other facet of our operation. In fact, we have more complaints about the practice of "too much talk" prior to reaching decisions!

UNIVERSITY OF ALASKA
Statewide Administration

Rep. Harley Oberg

TO: Community & Regional Affairs Committee
Alaska House of Representatives

FROM: Wendy Redman, Vice President Wendy Redman
University of Alaska Statewide System

DATE: April 30, 1994

RE: SB 217 - UA Land Bill

In Friday's hearing on SB 217, questions were raised about the current land management practices of the University with a suggestion that our current practices may not be aggressive enough. As you know, Representative Phillips raised these same issues in a letter to the University, and subsequently chose to provide the amendment that was adopted by the CR&A Committee on Friday.

For your information I have inclosed a copy of Representative Phillips' letter and Vice President Brian Rogers' response. The response explains in some detail the current status of our land development activities and gives a good review of the many obstacles we face.

If you have any questions, please feel free to call me. My office phone is 463-3086 and my home phone is 463-4687.

Alaska State Legislature

House of Representatives

ALA 5/15/94

Official Business



State Capitol
Juneau, Alaska 99801-1182
(907) 465-3718

House Majority Leader

April 13, 1994

Mr. Brian Rogers, Vice President for Finance
University of Alaska
910 Yukon Drive
Fairbanks, AK 99775-5260

Dear Mr. Rogers:

Thank you for responding to my concerns regarding the University of Alaska's land management. My concern with the University's land, is with regard to the number of acres currently generating revenue. I realize that approximately 109,000 acres are under "active management," however from the information you and the University Office of Land Management has provided me, I can only account for approximately 13,000 acres of land which are generating revenue. I was unable to obtain the number of acres generating revenue from the University Office of Land Management and therefore compared the acreage listed for each parcel in the "Estimate Number of Acres of Land Under Active Management," with the University Office of Land Management's Annual report, which described usage of the land. Only 13,000 acres of the 109,000 acres listed as "under active management" proved to be generating revenue. The remaining 96,000 acres under "active management" are described in the University Office of Land Management's report as either not complete, still under analysis or non-revenue generating.

The University has obviously made significant improvements in land management as revenues continue to increase. However, I am concerned that the University holds title to a significant amount land which still needs to be developed.

Additionally, I would like to know how the revenues currently generated from University land are utilized and also what the University plans to do with the 88,000 acres which are assumed to be undevelopable or very remote.

Thank you for your time.

Sincerely,

Gail Phillips
REPRESENTATIVE

GP:pmd

cc: University Office of Land Management
Jerome Komisar, President, University of Alaska
Wendy Redman, Vice President, University of Alaska
Sharon Gagnon, President, Board of Regents
Sen. Steve Frank, Co-Chair, Senate Finance
Rep. Terry Martin, Chair, University Budget Subcommittee
Rep. Ramona Barnes, Speaker of the House

**University of Alaska
Statewide System**

F A X T R A N S M I T T A L *****
M E M O

TO: Wendy

DEPT: _____ FAX #: 463-3164

FROM: Brian PHONE: _____

CO: _____ FAX #: _____

Post-it brand fax transmittal memo 7871

NO. OF PAGES

Via facsimile #465-3472

April 21, 1994

The Honorable Gail Phillips
Alaska State Representative
Room 216
State Capitol
Juneau, AK 99801-1182

RE: University of Alaska land

Dear Gail:

I am writing in response to your April 13, 1994 letter in which you raise several questions about University land management. I will address them below.

The University recently received its land. Land transfers from the University's first settlement with the State were not completed until 1988. Land transfers from the second settlement with the State were almost completed in 1993. As a result, most of the valuable land in university ownership has been in university hands for less than five years. In contrast, the State's other major land owners have had most of their land for far longer.

The University's land is diverse. Land received by the University is diverse geographically and in terms of its characteristics. While diversity results in a balanced portfolio, it significantly increases management and development costs, and the time required to obtain and generate data on the land characteristics and resources.

University's selections follow others. University land settlements took place after ANCSA and municipal selections. In many instances, other land owners got the more readily developable land. In addition, when the University made its selection, the Department of Natural Resources did not allow the University to high-grade but required us to take good and bad land within a selection. Our land base is thus not uniformly of good development potential.

Real estate and resource development are market driven. The University can only develop and sell what the market will bear. The University, along with other land owners, must strive for balance in order to sustain markets. In addition, the University

The Honorable Gail Phillips
April 21, 1994
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faces tough competition from other land owners in the state. Developing and selling all of the University's property at once would be prohibitively expensive and flood the market, thus depressing prices. This would incur the wrath of the citizens of Alaska, and would reduce net income to the University trust fund. Phased development based on market conditions is prudent. This approach, however, takes time and typically requires that much of the cost in time and money to plan for the entire property is expended up front, but the property developed and sold over time.

Timing and conditions not yet right to develop. A very common limitation on the development of University lands is lack of access or infrastructure. In addition, some of the property the University received in the settlements with the State was previously encumbered or logged before the University received title. Portions of the university's trust will therefore need to wait decades before being developed.

University is here for the long haul. Due to the fact that the University will be in existence for the long term, the character of its land, which might be viewed by others as problematic, presents a long-term opportunity and challenge to the University. Most of the University's remote land will be held for future development. However, the undevelopable tracts will be evaluated for trade or sale, if possible for wetlands or habitat mitigation for other university development projects.

The University is a public institution. This requires the Statewide Office of Land Management (SOLM) staff to participate in non-revenue generating activities such as entry permits to charitable organizations and numerous small land sales and trespass resolutions. There are also a large number of projects with small revenue generation potential. Much the same amount of work goes into a small project as a large project and, the University treats seriously all income producing opportunities, irrespective of size.

The University has limited land management staff and budget. SOLM is funded from the investment proceeds of the Land Grant Trust Fund, as are the Inflation Proofing Fund and the Natural Resources Fund. (A copy of this year's Report to the Legislature is attached for your review. It summarizes how land grant trust fund revenues are utilized.) Therefore, despite the fact that SOLM generates revenue for the University, funding the land management operating budget competes with other Land Grant Trust Fund obligations. The University would welcome general fund support for additional staff and budget. It is our understanding that DNR received special funding for one year to hire twenty people to review potential RS 2477s.

There is considerable pressure both within and outside Alaska not to develop. University projects are occasionally subject to pressure not to develop, the threat of litigation or actual litigation. This typically delays projects and drives up their cost. Examples include the litigation-driven seven year delay (so far) in bringing a Gulf Coast timber sale on line (approximately 34,000 acres) and the public pressure leading to failure of the Carrs/Wal-Mart project in Fairbanks.

The development process is very expensive and time consuming, and more often than not, projects do not get off the ground. As is typical of development in the private sector, approximately one-fifth of the real estate ventures may make it through all the feasibility studies and analyses and still never get off the ground due to a

The Honorable Gail Phillips
April 21, 1994
Page 3

variety of market driven reasons. The University has additional battles to fight: the perception by the general public that University lands should be managed like state lands and the feeling by the public that the University should manage its lands to a higher standard.

SOLM typically follows a three stage process:

Preliminary land use decisions. Almost all of the land SOLM manages was received from the State with no survey information, aerial photography, plats, resource or other basic data from which to make preliminary decisions about land use. This information must be obtained before preliminary land use decisions are made. Obtaining this information is very expensive in terms of both staff time and data acquisition costs. Limited financial resources, public procurement, contract negotiations, contractor's performance, and evaluation of the end product are some of the components in the timeline. In addition, developing data is typically phased in order to manage financial resources. For example, determining whether add a remote parcel of timber or mineral prospect to the University program might take several field seasons. In other instances, where data is more readily available, decisions are made much more quickly. Aerial photography, consultants, etc. for this phase can cost tens of thousands of dollars. From this information, parcels are selected which will be considered for predevelopment.

Predevelopment. Typically, a much higher level of detail is required in order to determine whether a project is prudent. This may involve topographic mapping, drill holes, preliminary engineering estimates, cadastral surveys, preliminary feasibility studies, etc. On a major project, these costs can easily exceed \$100,000 and take a field season or longer. A decision to proceed will lead to development.

Development. Land and resources can be developed in many ways. In order to generate the greatest income while prudently managing the risk associated with a specific project, a decision is made at this point whether to do the project in-house or to attract a developer. If done in-house, a major project can involve the majority of the time of one or more staff for several years. By way of example, a major remote timber property may take five years to get to market and cost more than \$1 million to develop, not including legal fees associated with permitting and court challenges, infrastructure costs and operating capital.

Since the majority of good university land was received by the university in the last few years (due to the two land settlements with the State), the majority of staff effort in recent years has been expended in the first two phases of this process. Notwithstanding this fact, our current projections show that excluding oil and gas development, the University of Alaska will generate more from its land activities on 13,000 acres in FY94 than the state Division of Lands generated from its millions of acres in FY93.

The 13,000 acres you estimate are generating revenue is a very significant amount of land, given the limitations cited above. This acreage represents essentially all of the land from which income can be generated today. I suggest to you that the University rivals larger corporations (both Alaskan and outside) in its development activities on a limited land base, except those that have large tracts of land leased for agriculture or oil, gas and mineral exploration.


The Honorable Gail Phillips
April 21, 1994
Page 4

In summary, developing land is a very expensive and time consuming process involving staff, consultants, development of data, feasibility studies, permitting, environmental issues, addressing public concerns and occasionally litigation. It is a balance of risk and limited resources and requires finding or creating market opportunities. Many projects take years to develop and are subject to the vagaries of the marketplace. Projects are constantly shifted to adapt to information developed through investigation. If it is determined that properties require additional time to develop, they are not forgotten. Markets, DOT road plans, municipal water and sewer plans, etc. are closely followed. Staff participate in their development to create maximum benefit for University land.

The University will be in Alaska for the foreseeable future. Aggressively developing current opportunities and positioning other properties, in a phased and balanced manner, while at the same time allowing some of the trust's wealth to "mature" in an undeveloped state for the future when it has more potential is often in the best fiduciary interest of the trust.

Your letter states a concern that "the University holds title to a significant amount of land which still needs to be developed." I hope that the above adequately responds to your concern. Please do not hesitate to contact me if you have further questions about the University's land management activities.

Sincerely,



Brian Rogers
Vice President for Finance

Attachment

DIVISION OF LEGAL SERVICES

**LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA**

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

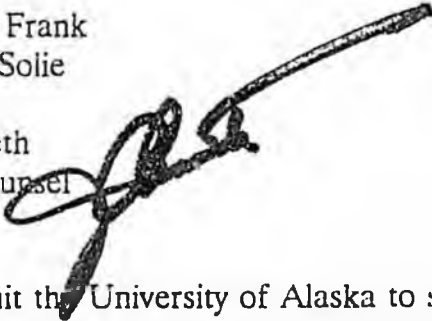
MEMORANDUM

April 25, 1994

SUBJECT: CSSB 217 (Finance) am -- Sectional analysis (Work Order No. 8-LS0468\D)

TO: Senator Steve Frank
ATTN: Rick Solie

FROM: Jack Chenoweth
Legislative Counsel



The measure proposes (1) to permit the University of Alaska to select and receive the conveyance of 500,000 acres of land that has been selected by the state under the provisions of section 6(b) of the Alaska Statehood Act and (2) to hold the land selected in trust as part of the University endowment.

Specifically--

Bill section 4, proposing a new section, AS 14.40.365, would authorize selection of, and conveyance of, state land by the University:

-- Subsection (a) sets the total amount of land the University may select and describes the kind of land that is available to the University to complete its selection, tying the description of the kind of land that may be selected to its status on the date the land is selected.

-- Subsection (b) sets aside the effect of AS 38.05.125(a) to allow the state to pass the mineral or subsurface estate in the land selected to the University. However, the state's oil and gas interest in land that the University may select passes only as to land that the University selects after the fifth anniversary date of the Act's effective date.

-- Subsection (c) mandates conveyance of University selections "unless the commissioner [of natural resources] determines under [subsection (e)] that the title should not be conveyed."

-- Subsection (d) directs that when the University has made a land selection, the land selected is closed to entry until a decision is made on the proposed selection.

-- Subsection (e) precludes the commissioner of natural resources from conveying land if the conveyance of the proposed selection conflicts with a municipal land selection or is not in the state's best interests, and identifies six factors that the commissioner is to consider.

-- If there is a difference of opinion between the Board of Regents and the commissioner of natural resources as to a land selection, subsection (f) directs the governor to make a final decision with respect to the conflict over the selection.

-- Subsection (g) declares that the University takes land conveyed to it subject to any outstanding possessory interest--any outstanding interest in the party held or asserted by a third party--but gives to the University the right to any consideration otherwise due the state for that possessory interest from date of conveyance to termination of the possessory interest.

-- Subsection (h), applicable to the land conveyances, imposes on the commissioner of natural resources the duty to provide notice and allow access.

-- Subsection (i) subjects the land that is transferred or conveyed to the University to certain other laws:

-- section 6(i) of the Statehood Act, reserving to the state--under subsection (b), presumably to the University the mineral estate;

-- article IX of the state constitution, addressing, generally, matters of finance and taxation;

-- AS 19.10.010, a provision relating to the reservation of state land for public highway purposes; and

-- the rights of the state under former 43 U.S.C. 932--more commonly known as RS 2477--relating to rights-of-way over unreserved public land for public highway construction;

but it excludes from selection by and conveyance to the University certain lands obtained by the state under the Alaska Omnibus Act, P.L. 86-70. Under paragraph (3) of the subsection, for land selections made by the University within five years of the taking effect of the Act, the state shall reserve to itself in perpetuity any oil and gas interests on that land.

-- Subsection (j) requires the University to bear the costs of selection, platting, surveying, and conveyance of its selections and sets limits on the nature of the survey requirements that attach to land selections.

-- Subsection (k) permits use of documents of interim conveyance.

-- Subsection (l) declares that, with the exception specifically noted, management of land conveyed by a final or an interim conveyance document vests with the University from the date of the document's execution.

-- Subsection (m) sets a final land selection limitation date of December 31, 2009.

There are three closely related sections --

Bill section 5 repeals and reenacts proposed AS 14.40.365(e). The repeal and reenactment is for the purpose of adding land subject to an oil and gas exploration license to municipal land selections and other selections that are not in the state's best interests as land that the commissioner may not convey to the University under AS 14.40.365.

Bill section 11 sets aside land that may be used to satisfy the obligation to reconstitute the mental health trust as other land that may not be conveyed to the University under the Act.

Bill section 12: Section 11, described above, is tied to the coming into effect of ch. 66, SLA 1991, legislation settling the state's obligation to reconstitute the mental health trust. Section 12 expresses legislative intent that, in the event section 11 does not take effect before the principal land selection and conveyance provisions of this Act, the commissioner of natural resources reject selections by the University of Alaska of land described in section 11 and made under the provisions of this Act that would be required to reconstitute the mental health trust.

There are a series of collateral provisions --

Bill section 2 amends AS 14.40.170(a) to add to the duties of the Board of Regents responsibility for the land selected and conveyed to the University under AS 14.40.-365, and requires the Regents to include within their required annual report a discussion of the expenditures made based on the earnings of that land.

Bill section 3 adds "land selected by and conveyed to the University [of Alaska] under AS 14.40.365" as land that is not to be treated as part of the state public domain land.

Bill section 6 adds a series of new related bill sections. Proposed AS 14.40.366 directs the University to develop an annual plan for the management and disposition of land and describes a framework under which the public has the opportunity to comment on the Regents' plan. Proposed AS 14.40.368 addresses the manner of the management and disposition of income from encumbrances on land selected by and conveyed to the University. That responsibility shifts from the state to the University

only after conclusion of the term of an existing encumbrance and the term of any renewal that may be authorized by the language of the existing encumbrance. Proposed AS 14.40.369 declares that the University's management of land conveyed to it must permit continued "customary and traditional uses of the resources of that land to the maximum extent possible."

Bill section 7: This amendment of AS 14.40.400(a) alters the provision that directs the University to establish an endowment trust fund for land conveyed to it under the 1929 grant to the Territory of Alaska for the benefit of the University to require deposit into the trust the land selected by the University and conveyed by the state under AS 14.40.365. The land selections made under bill section 4 would be managed under applicable trust principles.

Bill section 8 makes disbursements from the University endowment trust fund subject to legislative appropriation.

Bill section 9 amends the definition of "university receipts" to incorporate reference to the net income of the University trust fund.

Bill section 10: This amendment of AS 29.45.030(a) would extend to the land selected by the University and conveyed to it under AS 14.40.365 the exemption from municipal taxation that is provided to other land granted by the federal or state governments to the University for land grant purposes, by extending to this selected land the exception to an exemption of state land held for purposes of investment.

Bill section 11 incorporates into proposed findings and a statement of purpose a brief statement of the history of University land transactions and a justification for this measure.

Finally, there are two contingent effective date provisions --

Bill section 13 ties the effective date of bill section 5 (special provision relating to oil and gas exploration licensing) to adoption of a version of that Act.

Bill section 14 ties the effective date of section 11 (University selections not to conflict with mental health land selections) to the effective date of ch. 66, SLA 1991.

AMENDMENT

SB 217 - University of Alaska Land Grant

Page 10, Line 12

After "... extent",

Delete: "possible"

Insert: "practicable"



HOUSE COMMUNITY AND REGIONAL AFFAIRS

SUBJECT OF MEETING:
SB 217

DATE: 4/29/94

PLACE: Rm 124

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?		WHAT SUBJECT/ WHICH BILL?
Paula Ditton	Rep. Gail Phillips					Y	N	
Bob Ward	ALASKA MINERS				586-1648	Y	N	
Andy Robinson	UAA					Y	N	
Russell Heath	AK ENV. LOBBY	PO Box 22151 Juneau AK	99802		463-3366	<input checked="" type="radio"/>	N	SB 217
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	