

**SB**

**217**

**HFIN**

**FILE**

**HOUSE CS FOR CS FOR SENATE BILL NO. 217(CRA)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**EIGHTEENTH LEGISLATURE - SECOND SESSION**

**BY THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE**

**Offered:**

**Referred:**

**Sponsor(s): SENATORS FRANK, Kerttula, Miller, Rieger, Taylor, Sharp**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the University of Alaska and university land, authorizing the  
2 University of Alaska to select additional state public domain land, and defining  
3 net income from the University of Alaska's endowment trust fund as 'university  
4 receipts' subject to prior legislative appropriation; and providing for an effective  
5 date."

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

7 \* Section 1. FINDINGS AND PURPOSE. The legislature finds that

8 (1) as the beneficiary under the provisions of the Acts of August 30, 1890, and  
9 March 4, 1907, designating the Alaska Agricultural College and School of Mines as  
10 beneficiary, and of March 4, 1915, 38 Stat. 1214, transferring certain land for its location and  
11 support, the University of Alaska is a land grant university;

12 (2) under the Acts of March 4, 1915, 38 Stat. 1214, and January 21, 1929, 45  
13 Stat. 1091, the Congress of the United States granted to the Territory of Alaska certain federal

1 land to be held in trust for the benefit of the predecessor of the University of Alaska;

2 (3) the Territory was unable to receive most of the land conveyed by the Act  
3 of March 4, 1915, before repeal of that Act by Sec. 6(k) of the Alaska Statehood Act (P.L.  
4 85-508, 72 Stat. 339);

5 (4) the Congress of the United States granted the State of Alaska the right to  
6 select 102,500,000 acres of federal land under Sec. 6(b) of the Alaska Statehood Act;

7 (5) the land selection rights embodied in the Alaska Statehood Act reflect in  
8 part congressional recognition that the state would need the land to support its government and  
9 programs, and the Congress assumed that the State of Alaska would in turn devote some of  
10 the land or the income from it for the use and benefit of the University of Alaska;

11 (6) most land grant colleges in the western United States have obtained a larger  
12 land grant from the federal government than the University of Alaska has received;

13 (7) an academically strong and financially secure state university system is a  
14 cornerstone to the long-term development of a stable population and to a healthy, diverse  
15 economy in the state; and

16 (8) it is in the best interests of the state and the University of Alaska that the  
17 university take ownership of a significant and substantial portfolio of income producing land  
18 in order to provide income for the support of public higher education in the state.

19 \* Sec. 2. AS 14.40.170(a) is amended to read:

20 (a) The Board of Regents shall

21 (1) appoint the president of the university by a majority vote of the  
22 whole board, and the president may attend meetings of the board;

23 (2) fix the compensation of the president of the university, all heads of  
24 departments, professors, teachers, instructors, and other officers;

25 (3) confer such appropriate degrees as it may determine and prescribe;

26 (4) have the care, control, and management of

27 (A) all the real and personal property of the university; and

28 (B) land

29 (i) conveyed to the Board of Regents by the  
30 commissioner of natural resources in the settlement of the claim of the  
31 University of Alaska to land granted to the state in accordance with the

1 Act of March 4, 1915 (38 Stat. 1214), as amended, and in accordance  
2 with the Act of January 21, 1929 (45 Stat. 1091), as amended; and  
3 (ii) selected by the University of Alaska and conveyed  
4 to it by the commissioner of natural resources under AS 14.40.365.  
5 except as provided in AS 14.40.368(2):

6 (5) keep a correct and easily understood record of the minutes of every  
7 meeting and all acts done by it in pursuance of its duties;

8 (6) under procedures to be established by the commissioner of  
9 administration, and in accordance with existing procedures for other state agencies,  
10 have the care, control, and management of all money of the university and keep a  
11 complete record of all money received and disbursed;

12 (7) adopt reasonable rules for the prudent trust management and the  
13 long-term financial benefit to the university of the land of the university;

14 (8) provide public notice of sales, leases, exchanges, and transfers of  
15 the land of the university or of interests in land of the university;

16 (9) report each year within the first 10 days of the convening of a  
17 regular session of the legislature on the expenditures made during the preceding fiscal  
18 year from the funds of the University of Alaska that are derived from sales, leases,  
19 exchanges, or transfers of the land of the university or of interests in land of the  
20 university

21 (A) that were conveyed to the University of Alaska in  
22 settlement of the claim of the University of Alaska to land granted to the state  
23 in accordance with the Act of March 4, 1915 (38 Stat. 1214), as amended, and  
24 in accordance with the Act of January 21, 1929 (45 Stat. 1091), as amended;  
25 and

26 (B) that were selected by and conveyed to the University of  
27 Alaska under AS 14.40.365.

28 \* Sec. 3. AS 14.40.291 is amended to read:

29 Sec. 14.40.291. LAND OF THE UNIVERSITY OF ALASKA NOT PUBLIC  
30 DOMAIN LAND. Notwithstanding any other provision of law, university-grant land,  
31 state replacement land that becomes university-grant land on conveyance to the

1 university, land selected by and conveyed to the University of Alaska under  
2 AS 14.40.365, and any other land owned by the University of Alaska is not and may  
3 not be treated as state public domain land. Title to or interest in [TO] land described  
4 in this section may not be acquired by adverse possession, prescription, or in any other  
5 manner except by conveyance from the university. The land is subject to  
6 condemnation for public purpose in accordance with law.

7 \* Sec. 4. AS 14.40 is amended by adding a new section to read:

8 Sec. 14.40.365. UNIVERSITY LAND FROM STATEHOOD ACT LAND  
9 SELECTION CONVEYANCES. (a) The University of Alaska may select and is  
10 entitled to receive the conveyance of 500,000 acres of land conveyed to the state under  
11 Sec. 6(b) of the Alaska Statehood Act (P.L. 85-508, 72 Stat. 339) that, on the date of  
12 its selection by the university,

13 (1) has not been conveyed by the state;

14 (2) has not been reserved by law from the public domain;

15 (3) is not land

16 (A) included in a five-year proposed oil and gas leasing  
17 program under AS 38.05.180(b); or

18 (B) leased under, or for which a lease application is pending  
19 under, AS 38.05.180(d);

20 (4) is not subject to a possessory interest or encumbrance other than

21 (A) a lease that is not an oil or gas lease;

22 (B) a timber contract;

23 (C) a mining claim;

24 (D) a sale of materials under AS 38.05.110 - 38.05.120;

25 (E) a land use permit or right-of-way issued by the Department  
26 of Natural Resources under AS 38.05;

27 (5) is not necessary to carry out the purpose of an interagency land  
28 management agreement; or

29 (6) is not subject to conveyance under a land exchange or land  
30 settlement agreement.

31 (b) Notwithstanding AS 38.05.125(a), the transfer of ownership and

1 management of land from the Department of Natural Resources to the Board of  
2 Regents of the University of Alaska under this section includes

3 (1) the interest of the state in the coal, ores, minerals, fissionable  
4 materials, geothermal resources, and fossils that may be in or on the land; and

5 (2) the interest of the state in the oil and gas that may be in or on the  
6 land, but only as to land that is selected by the University of Alaska under this section  
7 on and after the date that is the fifth anniversary of the effective date of this section.

8 (c) When the University of Alaska selects the land to which it is entitled under  
9 this section, unless the commissioner of natural resources determines under (e) of this  
10 section that title to the land should not be conveyed, the commissioner of natural  
11 resources shall convey, subject to divestiture under (n) of this section, a document of  
12 interim conveyance under (k) of this section or a patent to land.

13 (d) When a selection has been made by the University of Alaska under (c) of  
14 this section, the land selected is closed to entry until the land selected has been  
15 conveyed or the selection has been rejected by the commissioner of natural resources.

16 (e) The commissioner of natural resources may not convey title to any land  
17 selection made by the University of Alaska under this section if the commissioner  
18 determines that the proposed selection

19 (1) includes land for which, at the time of its selection under this  
20 section,

21 (A) a municipality has made a selection under AS 29.65, unless  
22 the land selection is, at a later date, rejected by the commissioner of natural  
23 resources or relinquished by the municipality; or

24 (B) the commissioner reasonably believes may be selected by  
25 a municipality under AS 29.65.030, but the commissioner may not withhold  
26 under this subparagraph the conveyance of title to land selected by the  
27 University of Alaska for more than three years after the date of the  
28 municipality's incorporation;

29 (2) is not in the best interests of the state; in making a determination  
30 under this paragraph as to whether a selection by the University of Alaska is in the  
31 best interests of the state, the commissioner shall consider

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(A) the interest of the general public in retention of the land in state ownership, including the interest in maintaining and protecting customary and traditional uses of the resources of the land;

(B) ensuring an appropriate diversity in the character of land owned by the state and by the University of Alaska;

(C) the public benefits achieved by conveyance of the land to the University of Alaska;

(D) the probable potential for the development of the land and its resources and the probable income to the University of Alaska from the conveyance of the land;

(E) benefits to the University of Alaska from the conveyance of the land to it; and

(F) the efficiency of the management of the land resulting from the conveyance of the land.

(f) If the Board of Regents of the University of Alaska disagrees with a decision of the commissioner of natural resources not to convey to the University of Alaska land selected by it under this section, the Board of Regents and the commissioner of natural resources shall submit the matter to the governor, who shall make the decision. The decision of the governor is final.

(g) When land is conveyed to the University of Alaska under this section, the University of Alaska takes the land subject to any possessory interest held by another person on the effective date of the conveyance. Except as provided in AS 14.40.368(1), the University of Alaska is entitled to receive the consideration due under that interest for the duration of the interest.

(h) In conveying land to the University of Alaska under this section, the commissioner of natural resources shall give public notice under AS 38.05.945(b) and (c) and provide for access under AS 38.05.127, but other provisions of AS 38.04 and AS 38.05 do not apply.

(i) Land transferred or conveyed to the University of Alaska under this section

(1) is subject to

(A) section 6(i) of the Alaska Statehood Act (P.L. 85-508, 72

1 Stat. 339);

2 (B) art. IX of the state constitution;

3 (C) AS 19.10.010; and

4 (D) the rights of the state under former 43 U.S.C. 932 (sec. 8,  
5 Act of July 26, 1866, 14 Stat. 253);

6 (2) excludes any interest transferred to the state by quit claim deed  
7 dated June 30, 1959, under authority of the Alaska Omnibus Act, P.L. 86-70, 73 Stat.  
8 141;

9 (3) based on a land selection filed by the University of Alaska on or  
10 after the effective date of this section and until the day before the day that is the fifth  
11 anniversary of the effective date of this section is subject to reservation by the state  
12 in perpetuity of all oil and gas that may be in or on the land, together with the right  
13 to explore the land for oil and gas and to remove from the land all oil and gas located  
14 in and on it.

15 (j) The University of Alaska shall bear all costs of selection, platting,  
16 surveying, and conveyance of the land that it selects under this section and, subject to  
17 appropriation, shall reimburse the Department of Natural Resources for the reasonable  
18 costs incurred by that department relating to that selection, platting, surveying, and  
19 conveyance. As to land due the University of Alaska under (c) of this section because  
20 it has not been disapproved under (e) of this section,

21 (1) if the land has been surveyed, the boundaries of the land conveyed  
22 must conform to the public land subdivisions established by the approved survey;

23 (2) if the land is unsurveyed, the commissioner shall survey the exterior  
24 boundaries of the land to be conveyed without interior subdivision, and shall issue  
25 patent in terms of the exterior boundary survey.

26 (k) For land due the University of Alaska under (c) of this section that is  
27 unsurveyed, pending the survey of exterior boundaries and issuance of patent, the  
28 commissioner of natural resources shall prepare and provide to the University of  
29 Alaska a document of interim conveyance for the land to be conveyed.

30 (l) Except as provided in AS 14.40.368(2), management of land conveyed to  
31 the University of Alaska by patent or by a document of interim conveyance vests with

1 the University of Alaska from the date of execution of the patent or document of  
2 interim conveyance.

3 (m) The University of Alaska may not make a land selection under this section  
4 after December 31, 2009.

5 (n) When the commissioner of natural resources issues a document of interim  
6 conveyance under (k) of this section or a patent for land selected and held by the  
7 University of Alaska, the commissioner of natural resources shall retain the right to  
8 reenter the land conveyed and recover title to it. The commissioner of natural  
9 resources shall reenter and recover title if, on the 10th anniversary of the execution of  
10 the conveyance, the commissioner finds that the University of Alaska is not actively  
11 managing the land to provide income for the support of its education programs.  
12 However, if at any time during the 10-year period, litigation, including any appeal, has  
13 prevented the University of Alaska from actively managing the land to provide income,  
14 the date on which the commissioner of natural resources shall make the finding  
15 required by this subsection is extended by a period equal to the period attributable to  
16 the litigation during which the University of Alaska was prevented from actively  
17 managing the land to provide income. For purposes of this subsection, "actively  
18 managing the land to provide income" means that the University of Alaska is deriving  
19 revenue from the land selection.

20 \* Sec. 5. AS 14.40.365(e) is repealed and reenacted to read:

21 (e) The commissioner of natural resources may not convey title to any land  
22 selection made by the University of Alaska under this section if the commissioner  
23 determines that the proposed selection

24 (1) includes land for which, at the time of its selection under this  
25 section,

26 (A) a municipality has made a selection under AS 29.65, unless  
27 the land selection is, at a later date, rejected by the commissioner of natural  
28 resources or relinquished by the municipality; or

29 (B) the commissioner reasonably believes the land may be  
30 selected by a municipality under AS 29.65.030, but the commissioner may not  
31 withhold under this subparagraph the conveyance of title to land selected by the

1 university longer than three years after the date of the municipality's  
2 incorporation;

3 (2) includes land that, at the time of its selection under this section,

4 (A) is subject to an oil and gas exploration license; or

5 (B) the commissioner reasonably believes will be made part of,  
6 an oil and gas exploration license issued under AS 38.05.131 - 38.05.134; the  
7 commissioner may not refuse to convey title to land to the University of Alaska  
8 under this subparagraph for more than three years after its first selection by the  
9 University of Alaska;

10 (3) is not in the best interests of the state; in making a determination  
11 under this paragraph as to whether a selection by the University of Alaska is in the  
12 best interests of the state, the commissioner shall consider

13 (A) the interest of the general public in retention of the land in  
14 state ownership;

15 (B) ensuring an appropriate diversity in the character of land  
16 owned by the state and by the University of Alaska;

17 (C) the public benefits achieved by conveyance of the land to  
18 the University of Alaska;

19 (D) the probable potential for the development of the land and  
20 its resources and the probable income to the University of Alaska from the  
21 conveyance of the land;

22 (E) benefits to the University of Alaska from the conveyance  
23 of the land to it; and

24 (F) the efficiency of the management of the land resulting from  
25 the conveyance of the land.

26 \* Sec. 6. AS 14.40 is amended by adding new sections to read:

27 Sec. 14.40.366. MANAGEMENT AND DISPOSITION OF UNIVERSITY  
28 LAND. (a) The Board of Regents shall, by rule or regulation, establish procedures  
29 for mineral entry or location and mineral leasing on university land selections made  
30 under AS 14.40.365 that are substantially similar to mineral entry, location, and leasing  
31 procedures for state land under AS 38.05.185 - 38.05.275.

1 (b) Notwithstanding other provisions of law, the University of Alaska shall  
2 seek public comment on proposals for development or sale of university selections  
3 made under AS 14.40.365. The Board of Regents shall adopt policies which provide  
4 that the university shall prepare an annual plan for management and disposition of  
5 university land under this section and shall, not less than 30 days prior to scheduled  
6 approval by the Board of Regents of the plan

7 (1) make copies of the plan available at all legislative information  
8 offices and at such other locations as the university may designate;

9 (2) publish a notice in newspapers of general circulation in the state  
10 which provides the public with information on the locations where the plan is available  
11 for public inspection;

12 (3) give notice to all legislators and to local governments with  
13 jurisdiction over the land affected by the proposal; and

14 (4) seek public comment on the annual plan prior to action by the  
15 Board of Regents approving the plan.

16 Sec. 14.40.368. MANAGEMENT AND DISPOSITION OF INCOME FROM  
17 EXISTING ENCUMBRANCES. For the land selected by and conveyed to the  
18 University of Alaska under AS 14.40.365 that is subject to a lease, contract, claim,  
19 sale, permit, or right-of-way identified in AS 14.40.365(a)(4)

20 (1) the state is entitled to receive the income obtained from the lease,  
21 contract, claim, sale, permit, or right-of-way for the duration of the term of the lease,  
22 contract, claim, sale, permit, or right-of-way, and during any renewal of it that is  
23 authorized by the lease, contract, claim, sale, permit, or right-of-way, or by law;

24 (2) the responsibility for the management of the land vests with the  
25 University of Alaska only on conclusion of the term of the lease, contract, claim,  
26 sale, permit, or right-of-way, and any renewal authorized by the lease, contract, claim,  
27 sale, permit, or right-of-way, by law.

28 Sec. 14.40.369. CUSTOMARY AND TRADITIONAL USES TO BE  
29 CONTINUED. When land selected by the University of Alaska under AS 14.40.365  
30 has been conveyed to it, the University of Alaska shall manage the land in a manner  
31 that permits customary and traditional uses of the resources of that land to the

1 maximum extent practicable.

2 \* Sec. 7. AS 14.40.400(a) is amended to read:

3 (a) The Department of Revenue shall establish a separate endowment trust  
4 fund in which all net income derived from the sale or lease of the land granted under  
5 the Act of Congress approved January 21, 1929, and the land selected by and  
6 conveyed to the University of Alaska under AS 14.40.365, and in which all  
7 monetary gifts, bequests, or endowments made to the University of Alaska for the  
8 purpose of the fund, shall be held in trust.

9 \* Sec. 8. AS 14.40.400(e) is amended to read:

10 (e) Subject to legislative appropriation, the [THE] Department of  
11 Administration shall disburse the net income from the trust fund upon vouchers  
12 approved by the president and treasurer of the University of Alaska specifying the  
13 purpose for which the money is to be used and showing it is to be used in conformity  
14 with this section.

15 \* Sec. 9. AS 14.40.491 is amended to read:

16 Sec. 14.40.491. DEFINITION OF UNIVERSITY RECEIPTS. In  
17 AS 14.40.120 - 14.40.491, "university receipts" includes  
18 (1) student fees, including tuition;  
19 (2) receipts from university auxiliary services;  
20 (3) recovery of indirect costs of university activities;  
21 (4) the net income of the trust fund established in AS 14.40.400 and  
22 receipts from sales and rentals of university property;  
23 (5) federal receipts;  
24 (6) gifts, grants, and contracts; and  
25 (7) receipts from sales, rentals, and the provision of services of  
26 educational activities.

27 \* Sec. 10. AS 29.45.030(a) is amended to read:

28 (a) The following property is exempt from general taxation:  
29 (1) municipal property, including property held by a public corporation  
30 of a municipality, or state property, except that  
31 (A) a private leasehold, contract, or other interest in the

1 property is taxable to the extent of the interest;

2 (B) notwithstanding any other provision of law, property  
3 acquired by an agency, corporation, or other entity of the state through  
4 foreclosure or deed in lieu of foreclosure and retained as an investment of a  
5 state entity is taxable; this subparagraph does not apply to federal land granted  
6 to the University of Alaska under AS 14.40.380 or 14.40.390, or to other land  
7 granted to the university by the state to replace land that had been granted  
8 under AS 14.40.380 or 14.40.390, or to land conveyed by the state to the  
9 University of Alaska under AS 14.40.365;

10 (C) an ownership interest of a municipality in real property  
11 located outside the municipality acquired after December 31, 1990, is taxable  
12 by another municipality; however, a borough may not tax an interest in real  
13 property located in the borough and owned by a city in that borough;

14 (2) household furniture and personal effects of members of a  
15 household;

16 (3) property used exclusively for nonprofit religious, charitable,  
17 cemetery, hospital, or educational purposes;

18 (4) property of a nonbusiness organization composed entirely of persons  
19 with 90 days or more of active service in the armed forces of the United States whose  
20 conditions of service and separation were other than dishonorable, or the property of  
21 an auxiliary of that organization;

22 (5) money on deposit;

23 (6) the real property of certain residents of the state to the extent and  
24 subject to the conditions provided in (e) of this section;

25 (7) real property or an interest in real property that is exempt from  
26 taxation under 43 U.S.C. 1620(d), as amended;

27 (8) property of a political subdivision, agency, corporation, or other  
28 entity of the United States to the extent required by federal law; except that a private  
29 leasehold, contract, or other interest in the property is taxable to the extent of that  
30 interest;

31 (9) natural resources in place including coal, ore bodies, mineral

1 deposits, and other proven and unproven deposits of valuable materials laid down by  
2 natural processes, unharvested aquatic plants and animals, and timber.

3 \* **Sec. 11. APPLICABILITY OF UNIVERSITY SELECTION RIGHTS UNDER**  
4 **AS 14.40.365 TO LAND.** In addition to the land that, under AS 14.40.365(e), the  
5 commissioner of natural resources may not convey to the University of Alaska, the  
6 commissioner of natural resources may not convey land that, at the time of its selection by  
7 the university,

8 (1) is subject to designation for conveyance or conveyance to the Alaska  
9 Mental Health Trust Authority under sec. 54, ch. 66, SLA 1991;

10 (2) is land that the commissioner of natural resources reasonably believes  
11 should be designated for conveyance or conveyed to the Alaska Mental Health Trust Authority  
12 under sec. 55, ch. 66, SLA 1991, as compensation to that trust for original mental health trust  
13 land no. available for return to the corpus of the trust; or

14 (3) is land described in sec. 56, ch. 66, SLA 1991, as listed in "Lands  
15 Hypothecated to the Mental Health Trust, May 1991" located in the office of the director of  
16 the division of lands, Department of Natural Resources, in Anchorage, Alaska, that has been  
17 hypothecated to secure reconstitution of the mental health trust; however, as the reconstitution  
18 of the mental health trust is accomplished and the hypothecated land is released on a pro rata  
19 basis, the University of Alaska may select the land and the commissioner may convey it.

20 \* **Sec. 12. LEGISLATIVE INTENT.** It is the intent of the legislature that, if sec. 11 of  
21 this Act has not taken effect on or before the effective date of secs. 1 - 4 and 6 - 10 of this  
22 Act, the commissioner of natural resources reject, as inconsistent with the best interests of the  
23 state, selections of land by the University of Alaska under AS 14.40.365, added by sec. 4 of  
24 this Act, of land described in sec. 11 of this Act.

25 \* **Sec. 13.** Section 5 of this Act takes effect on the effective date of a version of House Bill  
26 199 or Senate Bill 150 of the Eighteenth Alaska State Legislature authorizing oil and gas  
27 exploration licensing on state land that is passed by the Eighteenth Alaska State Legislature.

28 \* **Sec. 14.** Section 11 of this Act takes effect on the effective date of ch. 66, SLA 1991.

# REPORTED OUT OF FISCAL NOTE

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

## STATE OF ALASKA **HFC** 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. 451

**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						
<b>TOTAL OPERATING</b>	<b>71.0</b>	<b>71.0</b>	<b>71.0</b>	<b>71.0</b>	<b>71.0</b>	<b>71.0</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )						
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**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
<b>TOTAL</b>	<b>71.0</b>	<b>71.0</b>	<b>71.0</b>	<b>71.0</b>	<b>71.0</b>	<b>71.0</b>

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 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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No. 4

Bill Version: SSB 217 (FIN)

(S) Publish Date: 3-10-94

# FISCAL NOTE REPORTED OUT OF BILI

STATE OF ALASKA  
1994 LEGISLATIVE SESSION **HFC**

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						
<b>TOTAL OPERATING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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						
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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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No. 3

Bill Version: CSSE 217(FIN)

(S) Publish Date: 3-10-94

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BUDGET NOTE  
**REPORTED OUT OF** 3  
**HFC**

Revision Date:  
Title: Land grant to the University  
Sponsor: Frank  
Requestor:

Department Affected: University of Alaska  
BRU: Statewide Programs and Services  
Component: Statewide Services

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						
<b>TOTAL OPERATING</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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

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

FUNDING: (Thousands of Dollars)

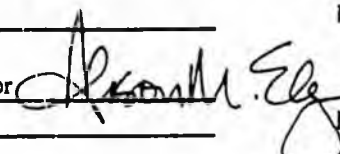
1002 FEDERAL FUNDS						
1003 GF MATCH						
1004 GENERAL FUND						
1006 GF/MHTIA						
1048 University Receipts	100.0	100.0	100.0	100.0	100.0	100.0
<b>TOTAL FUNDING</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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. Co.'s 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 Phone: 463-3086  
Division: Statewide Budget Office Date: \_\_\_\_\_

Approved by: Alison Elgee, Associate Director  Date: 3/9/94  
Agency: Statewide Budget Office

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

REPORTED OUT

HFC

FISCAL NOTE

2

Bill Version: CSSB 217 (FIN)

(S) Publish Date: 3-10-94

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL N.

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 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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# Alaska State Legislature

STEVE FRANK

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



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.

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

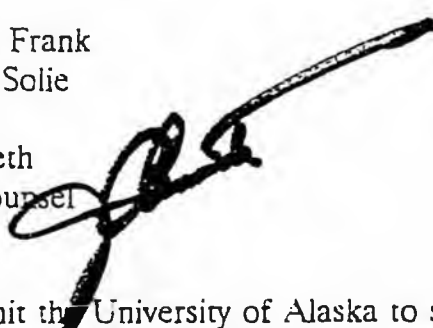
MEMORANDUM

April 25, 1994

SUBJECT: CSSB 217 (Finance) am -- Sectional analysis (Work Order No. 8-LS0468D)

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

Senator Steve Frank

April 25, 1994

Page 4

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 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:gc

94-286.glc

## 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	1,350,000
3 New York	390,000
4 Arizona	349,197
5 Pennsylvania	730,000
6 Ohio	599,120
7 Utah	556,141
8 Illinois	525,080
9 Indiana	436,080
10 Montana	388,721
11 Idaho	386,686
12 Alabama	383,795
13 Missouri	376,080
14 South Dakota	366,080
15 Massachusetts	360,000
16 Mississippi	349,240
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	296,080
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
<b>TOTAL</b>	<b>16,707,797</b>

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	10.75%
24 South Dakota	10.66%
25 North Dakota	10.52%
26 New Mexico	10.52%
27 Idaho	9.09%
28 Illinois	8.44%
29 Arizona	3.05%
30 Alabama	7.57%
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	3.20%
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	1.64%
47 Minnesota	1.29%
48 Florida	0.75%
49 Alaska	0.11%
50 Hawaii	0.00%
<b>TOTAL</b>	<b>5.09%</b>

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	8,325,509
11 Iowa	8,061,252
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	5,363,338
19 Alabama	5,006,383
20 Colorado	4,471,604
21 Wyoming	4,342,520
22 Idaho	4,254,448
23 Indiana	4,040,518
24 Nebraska	3,458,711
25 South Dakota	3,435,373
26 North Dakota	3,163,552
27 Oklahoma	3,095,760
28 Washington	3,044,471
29 Ohio	2,758,362
30 Nevada	2,725,225
31 New York	990,000
32 Pennsylvania	750,000
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
<b>TOTAL</b>	<b>328,426,536</b>

Average 6,568,531

## 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 on 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. 4.(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.

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 event, 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!

Alaska Forest Association, Inc.



111 STEDMAN SUITE 200  
KETCHIKAN, ALASKA 99901-6586  
Phone 907-225-6114  
FAX 907-225-6020

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.

UNIVERSITY OF ALASKA  
Statewide Administration

Rep. Harley Elberg  
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

11/16 15:15

11:00

Official Business



State Capitol  
Juneau, Alaska 99801-1182  
(907) 463-3718

### 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

FAX TRANSMITTAL MEMO

TO: Wendy

DEPT: \_\_\_\_\_ FAX #: 463-3164

FROM: Brian PHONE: \_\_\_\_\_

CO: \_\_\_\_\_ FAX #: \_\_\_\_\_

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NO. OF PAGES
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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  
Page 2

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

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



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

FROM: *JP* Jeff Parker PH: 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

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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	PARKE R
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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, Mulchatna 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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**FACT SHEET**

**SB 217 - Enhancing UA Land Grant**  
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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:
  - \* 6(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 500,000 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      EXPANDING UNIVERSITY OF ALASKA LAND GRANT**

By Senators Frank, Kerttula, Miller, 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

\*\*\*\*\*  
**FACT SHEET**

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  - \* Unconveyed and unencumbered, except:
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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 five substantive hearings in the Senate and a long floor debate that resulted in additional amendments. 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

**Final Senate Version**

- \* Reduces acreage from 1 million to 500 thousand acres
- \* Oil and Gas selections delayed 5 years from effective date
- \* Adds public notification requirements
- \* Requires consideration of "traditional use" prior to conveyance and prior to UA development

The House Community & Regional Affairs Committee had three hearings on SB 217 and adopted the following amendments:

**House Community & Regional Affairs Committee:**

- \* Requires the Board of Regents to adopt procedures for mineral entry or location and mineral leasing that are substantially similar to those included under AS 38.05.185-275.
- \* Provides that the Commissioner of DNR may recover title to land that is not actively producing income after 10 years unless it is in litigation



## **SB 217      EXPANDING UNIVERSITY OF ALASKA LAND GRANT**

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

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### **contact:**

Wendy Redman  
University Relations  
463-3086/474-7582

Position Paper

## State Land Grant Rankings

Ranked by the amount of federal land given to Higher Education	
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	386,686
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
<b>48 Alaska</b>	<b>112,064</b>
49 Delaware	90,000
50 Hawaii	0
<b>TOTAL</b>	<b>16,707,787</b>

Average 334,156

Ranked by the percentage of the state grant given to Higher Education	
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	10.66%
25 North Dakota	10.62%
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	1.64%
47 Minnesota	1.29%
48 Florida	0.75%
<b>49 Alaska</b>	<b>0.11%</b>
50 Hawaii	0.00%
<b>TOTAL</b>	<b>5.09%</b>

Average 42.01%

Ranked by the amount of federal land given to the States	
<b>1 Alaska</b>	<b>104,569,251</b>
2 Florida	24,214,366
3 Minnesota	16,422,051
4 New Mexico	12,794,718
5 Michigan	12,142,846
6 Arkansas	11,936,834
7 Louisiana	11,441,343
8 Arizona	10,543,753
9 Wisconsin	10,179,804
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	7,032,847
16 Illinois	6,234,655
17 Mississippi	6,097,997
18 Montana	5,963,338
19 Alabama	5,006,883
20 Colorado	4,471,604
21 Wyoming	4,342,520
22 Idaho	4,254,448
23 Indiana	4,040,518
24 Nebraska	3,458,711
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	2,725,226
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
<b>TOTAL</b>	<b>328,426,536</b>

Average 6,568,531

# The Anchorage Times

Publisher: BILL J. ALLEN

"Believing in Alaskans, putting Alaska first"

Editors: DENNIS FRADLEY, PAUL JENKINS, WILLIAM J. TOBIN

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## UA land grant

**T**HE STATE SENATE has passed and the House now is considering legislation to authorize the University of Alaska to select 500,000 acres of unreserved state land to use as an additional source for operating revenues.

The Senate proposal deserves the support of the House and Hickel administration.

Of the nation's land grant colleges, Alaska's unquestionably was shortchanged in the amount of public land it received under a program that conveyed federal lands to state schools to use for income purposes.

While Alaska has by far the largest land mass of all 50 states, only the public educational institutions of Delaware and Hawaii received less acreage than the University of Alaska. Colleges in some of the other states received up to 10 times more.

UA officials argue that the reason this state's school system never received more is because Congress felt the 102.5 million-acre land grant later awarded to the new state as part of the statehood compact would generate sufficient revenues to support higher education here.

Fortunately, there have been sufficient state revenues to support higher education since the boom days of Prudhoe Bay oil. But now North Slope oil wealth is on the decline and there is increasing concern about the future.

**UNIVERSITY OFFICIALS** believe they could aggressively and efficiently promote commercial development on a relatively small portion of state land to generate revenue for the school system.

UA's Statewide Office of Land Management currently has a portfolio of about 140,000 acres of trust land across the state. Last year, these generated about \$4 million from mineral leases, rent, land sales, timber sales and oil and gas leases.

By adding an additional half-million acres to the UA land trust, the state would allow the university system to become more self-sufficient and less dependent on the political process for funding support.

The legislation to accomplish this, sponsored by Sen. Steve Frank, R-Fairbanks, includes safeguards to protect the public interest — including continued access for traditional uses, such as hunting, fishing and trapping. Additionally, the commissioner of Natural Resources would have the authority to exclude from possible selection by the university any land with valuable oil and gas potential — thereby ensuring all Alaskans benefit from a future Prudhoe Bay-type discovery.

As a state, Alaska owns a considerable amount of land and resources. Perhaps no better use could be made of that investment than to generate revenue to support higher education.

**CS FOR SENATE BILL NO. 217(FIN) am**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**EIGHTEENTH LEGISLATURE - SECOND SESSION**

**BY THE SENATE FINANCE COMMITTEE**

**Amended: 4/6/94**  
**Offered: 3/10/94**

**Sponsor(s): SENATORS FRANK, Kerttula, Miller, Rieger, Taylor, Sharp**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the University of Alaska and university land, authorizing the  
2 University of Alaska to select additional state public domain land, and defining  
3 net income from the University of Alaska's endowment trust fund as 'university  
4 receipts' subject to prior legislative appropriation and providing for an effective  
5 date."

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

7 \* **Section 1. FINDINGS AND PURPOSE.** The legislature finds that

8 (1) as the beneficiary under the provisions of the Acts of August 30, 1890, and  
9 March 4, 1907, designating the Alaska Agricultural College and School of Mines as  
10 beneficiary, and of March 4, 1915, 38 Stat. 1214, transferring certain land for its location and  
11 support, the University of Alaska is a land grant university;

12 (2) under the Acts of March 4, 1915, 38 Stat. 1214, and January 21, 1929, 45  
13 Stat 1091, the Congress of the United States granted to the Territory of Alaska certain federal

1 land to be held in trust for the benefit of the predecessor of the University of Alaska;

2 (3) the Territory was unable to receive most of the land conveyed by the Act  
3 of March 4, 1915, before repeal of that Act by Sec. 6(k) of the Alaska Statehood Act (P.L.  
4 85-508, 72 Stat. 339);

5 (4) the Congress of the United States granted the State of Alaska the right to  
6 select 102,500,000 acres of federal land under Sec. 6(b) of the Alaska Statehood Act;

7 (5) the land selection rights embodied in the Alaska Statehood Act reflect in  
8 part congressional recognition that the state would need the land to support its government and  
9 programs, and the Congress assumed that the State of Alaska would in turn devote some of  
10 the land or the income from it for the use and benefit of the University of Alaska;

11 (6) most land grant colleges in the western United States have obtained a larger  
12 land grant from the federal government than the University of Alaska has received;

13 (7) an academically strong and financially secure state university system is a  
14 cornerstone to the long-term development of a stable population and to a healthy, diverse  
15 economy in the state; and

16 (8) it is in the best interests of the state and the University of Alaska that the  
17 university take ownership of a significant and substantial portfolio of income producing land  
18 in order to provide income for the support of public higher education in the state.

19 \* Sec. 2. AS 14.40.170(a) is amended to read:

20 (a) The Board of Regents shall

21 (1) appoint the president of the university by a majority vote of the  
22 whole board, and the president may attend meetings of the board;

23 (2) fix the compensation of the president of the university, all heads of  
24 departments, professors, teachers, instructors, and other officers;

25 (3) confer such appropriate degrees as it may determine and prescribe;

26 (4) have the care, control, and management of

27 (A) all the real and personal property of the university; and

28 (B) land

29 (i) conveyed to the Board of Regents by the  
30 commissioner of natural resources in the settlement of the claim of the  
31 University of Alaska to land granted to the state in accordance with the

1 Act of March 4, 1915 (38 Stat. 1214), as amended, and in accordance  
2 with the Act of January 21, 1929 (45 Stat. 1091), as amended; and  
3 (ii) selected by the University of Alaska and conveyed  
4 to it by the commissioner of natural resources under AS 14.40.365,  
5 except as provided in AS 14.40.368(2);

6 (5) keep a correct and easily understood record of the minutes of every  
7 meeting and all acts done by it in pursuance of its duties;

8 (6) under procedures to be established by the commissioner of  
9 administration, and in accordance with existing procedures for other state agencies,  
10 have the care, control, and management of all money of the university and keep a  
11 complete record of all money received and disbursed;

12 (7) adopt reasonable rules for the prudent trust management and the  
13 long-term financial benefit to the university of the land of the university;

14 (8) provide public notice of sales, leases, exchanges, and transfers of  
15 the land of the university or of interests in land of the university;

16 (9) report each year within the first 10 days of the convening of a  
17 regular session of the legislature on the expenditures made during the preceding fiscal  
18 year from the funds of the University of Alaska that are derived from sales, leases,  
19 exchanges, or transfers of the land of the university or of interests in land of the  
20 university

21 (A) that were conveyed to the University of Alaska in  
22 settlement of the claim of the University of Alaska to land granted to the state  
23 in accordance with the Act of March 4, 1915 (38 Stat. 1214), as amended, and  
24 in accordance with the Act of January 21, 1929 (45 Stat. 1091), as amended;  
25 and

26 (B) that were selected by and conveyed to the University of  
27 Alaska under AS 14.40.365.

28 \* Sec. 3. AS 14.40.291 is amended to read:

29 Sec. 14.40.291. LAND OF THE UNIVERSITY OF ALASKA NOT PUBLIC  
30 DOMAIN LAND. Notwithstanding any other provision of law, university-grant land,  
31 state replacement land that becomes university-grant land on conveyance to the

1 university, land selected by and conveyed to the University of Alaska under  
2 AS 14.40.365, and any other land owned by the University of Alaska is not and may  
3 not be treated as state public domain land. Title to or interest in [TO] land described  
4 in this section may not be acquired by adverse possession, prescription, or in any other  
5 manner except by conveyance from the university. The land is subject to  
6 condemnation for public purpose in accordance with law.

7 \* Sec. 4. AS 14.40 is amended by adding a new section to read:

8 Sec. 14.40.365. UNIVERSITY LAND FROM STATEHOOD ACT LAND  
9 SELECTION CONVEYANCES. (a) The University of Alaska may select and is  
10 entitled to receive the conveyance of 500,000 acres of land conveyed to the state under  
11 Sec. 6(b) of the Alaska Statehood Act (P.L. 85-508, 72 Stat. 339) that, on the date of  
12 its selection by the university,

13 (1) has not been conveyed by the state;

14 (2) has not been reserved by law from the public domain;

15 (3) is not land

16 (A) included in a five-year proposed oil and gas leasing  
17 program under AS 38.05.180(b); or

18 (B) leased under, or for which a lease application is pending  
19 under, AS 38.05.180(d);

20 (4) is not subject to a possessory interest or encumbrance other than

21 (A) a lease that is not an oil or gas lease;

22 (B) a timber contract;

23 (C) a mining claim;

24 (D) a sale of materials under AS 38.05.110 - 38.05.120;

25 (E) a land use permit or right-of-way issued by the Department  
26 of Natural Resources under AS 38.05;

27 (5) is not necessary to carry out the purpose of an interagency land  
28 management agreement; or

29 (6) is not subject to conveyance under a land exchange or land  
30 settlement agreement.

31 (b) Notwithstanding AS 38.05.125(a), the transfer of ownership and

1 management of land from the Department of Natural Resources to the Board of  
2 Regents of the University of Alaska under this section includes

3 (1) the interest of the state in the coal, ores, minerals, fissionable  
4 materials, geothermal resources, and fossils that may be in or on the land; and

5 (2) the interest of the state in the oil and gas that may be in or on the  
6 land, but only as to land that is selected by the University of Alaska under this section  
7 on and after the date that is the fifth anniversary of the effective date of this section.

8 (c) When the University of Alaska selects the land to which it is entitled under  
9 this section, unless the commissioner of natural resources determines under (e) of this  
10 section that title to the land should not be conveyed, the commissioner of natural  
11 resources shall convey title to the land selected.

12 (d) When a selection has been made by the University of Alaska under (c) of  
13 this section, the land selected is closed to entry until the land selected has been  
14 conveyed or the selection has been rejected by the commissioner of natural resources.

15 (e) The commissioner of natural resources may not convey title to any land  
16 selection made by the University of Alaska under this section if the commissioner  
17 determines that the proposed selection

18 (1) includes land for which, at the time of its selection under this  
19 section,

20 (A) a municipality has made a selection under AS 29.65, unless  
21 the land selection is, at a later date, rejected by the commissioner of natural  
22 resources or relinquished by the municipality; or

23 (B) the commissioner reasonably believes may be selected by  
24 a municipality under AS 29.65.030, but the commissioner may not withhold  
25 under this subparagraph the conveyance of title to land selected by the  
26 University of Alaska for more than three years after the date of the  
27 municipality's incorporation;

28 (2) is not in the best interests of the state; in making a determination  
29 under this paragraph as to whether a selection by the University of Alaska is in the  
30 best interests of the state, the commissioner shall consider

31 (A) the interest of the general public in retention of the land in

1 state ownership, including the interest in maintaining and protecting customary  
2 and traditional uses of the resources of the land;

3 (B) ensuring an appropriate diversity in the character of land  
4 owned by the state and by the University of Alaska;

5 (C) the public benefits achieved by conveyance of the land to  
6 the University of Alaska;

7 (D) the probable potential for the development of the land and  
8 its resources and the probable income to the University of Alaska from the  
9 conveyance of the land;

10 (E) benefits to the University of Alaska from the conveyance  
11 of the land to it; and

12 (F) the efficiency of the management of the land resulting from  
13 the conveyance of the land.

14 (f) If the Board of Regents of the University of Alaska disagrees with a  
15 decision of the commissioner of natural resources not to convey to the University of  
16 Alaska land selected by it under this section, the Board of Regents and the  
17 commissioner of natural resources shall submit the matter to the governor, who shall  
18 make the decision. The decision of the governor is final.

19 (g) When land is conveyed to the University of Alaska under this section, the  
20 University of Alaska takes the land subject to any possessory interest held by another  
21 person on the effective date of the conveyance. Except as provided in  
22 AS 14.40.368(1), the University of Alaska is entitled to receive the consideration due  
23 under that interest for the duration of the interest.

24 (h) In conveying land to the University of Alaska under this section, the  
25 commissioner of natural resources shall give public notice under AS 38.05.945(b) and  
26 (c) and provide for access under AS 38.05.127, but other provisions of AS 38.04 and  
27 AS 38.05 do not apply.

28 (i) Land transferred or conveyed to the University of Alaska under this section

29 (1) is subject to

30 (A) section 6(i) of the Alaska Statehood Act (P.L. 85-508, 72  
31 Stat. 339);

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(B) art. IX of the state constitution;

(C) AS 19.10.010; and

(D) the rights of the state under former 43 U.S.C. 932 (sec. 8, Act of July 26, 1866, 14 Stat. 253);

(2) excludes any interest transferred to the state by quit claim deed dated June 30, 1959, under authority of the Alaska Omnibus Act, P.L. 86-70, 73 Stat. 141;

(3) based on a land selection filed by the University of Alaska on or after the effective date of this section and until the day before the day that is the fifth anniversary of the effective date of this section is subject to reservation by the state in perpetuity of all oil and gas that may be in or on the land, together with the right to explore the land for oil and gas and to remove from the land all oil and gas located in and on it.

(j) The University of Alaska shall bear all costs of selection, platting, surveying, and conveyance of the land that it selects under this section and, subject to appropriation, shall reimburse the Department of Natural Resources for the reasonable costs incurred by that department relating to that selection, platting, surveying, and conveyance. As to land due the University of Alaska under (c) of this section because it has not been disapproved under (e) of this section,

(1) if the land has been surveyed, the boundaries of the land conveyed must conform to the public land subdivisions established by the approved survey;

(2) if the land is unsurveyed, the commissioner shall survey the exterior boundaries of the land to be conveyed without interior subdivision, and shall issue patent in terms of the exterior boundary survey.

(k) For land due the University of Alaska under (c) of this section that is unsurveyed, pending the survey of exterior boundaries and issuance of patent, the commissioner of natural resources shall prepare and provide to the University of Alaska a document of interim conveyance for the land to be conveyed.

(l) Except as provided in AS 14.40.368(2), management of land conveyed to the University of Alaska by patent or by a document of interim conveyance vests with the University of Alaska from the date of execution of the patent or document of

1 interim conveyance.

2 (m) The University of Alaska may not make a land selection under this section  
3 after December 31, 2009.

4 \* Sec. 5. AS 14.40.365(e) is repealed and reenacted to read:

5 (e) The commissioner of natural resources may not convey title to any land  
6 selection made by the University of Alaska under this section if the commissioner  
7 determines that the proposed selection

8 (1) includes land for which, at the time of its selection under this  
9 section,

10 (A) a municipality has made a selection under AS 29.65, unless  
11 the land selection is, at a later date, rejected by the commissioner of natural  
12 resources or relinquished by the municipality; or

13 (B) the commissioner reasonably believes the land may be  
14 selected by a municipality under AS 29.65.030, but the commissioner may not  
15 withhold under this subparagraph the conveyance of title to land selected by the  
16 university longer than three years after the date of the municipality's  
17 incorporation;

18 (2) includes land that, at the time of its selection under this section,

19 (A) is subject to an oil and gas exploration license; or

20 (B) the commissioner reasonably believes will be made part of,  
21 an oil and gas exploration license issued under AS 38.05.131 - 38.05.134; the  
22 commissioner may not refuse to convey title to land to the University of Alaska  
23 under this subparagraph for more than three years after its first selection by the  
24 University of Alaska;

25 (3) is not in the best interests of the state; in making a determination  
26 under this paragraph as to whether a selection by the University of Alaska is in the  
27 best interests of the state, the commissioner shall consider

28 (A) the interest of the general public in retention of the land in  
29 state ownership;

30 (B) ensuring an appropriate diversity in the character of land  
31 owned by the state and by the University of Alaska;

1 (C) the public benefits achieved by conveyance of the land to  
2 the University of Alaska;

3 (D) the probable potential for the development of the land and  
4 its resources and the probable income to the University of Alaska from the  
5 conveyance of the land;

6 (E) benefits to the University of Alaska from the conveyance  
7 of the land to it; and

8 (F) the efficiency of the management of the land resulting from  
9 the conveyance of the land.

10 \* Sec. 6. AS 14.40 is amended by adding new sections to read:

11 Sec. 14.40.366. MANAGEMENT AND DISPOSITION OF UNIVERSITY  
12 LAND. Notwithstanding other provisions of law, the University of Alaska shall seek  
13 public comment on proposals for development or sale of university selections made  
14 under AS 14.40.365. The Board of Regents shall adopt policies which provide that  
15 the university shall prepare an annual plan for management and disposition of  
16 university land under this section and shall, not less than 30 days prior to scheduled  
17 approval by the Board of Regents of the plan

18 (1) make copies of the plan available at all legislative information  
19 offices and at such other locations as the university may designate;

20 (2) publish a notice in newspapers of general circulation in the state  
21 which provides the public with information on the locations where the plan is available  
22 for public inspection;

23 (3) give notice to all legislators and to local governments with  
24 jurisdiction over the land affected by the proposal; and

25 (4) seek public comment on the annual plan prior to action by the  
26 Board of Regents approving the plan.

27 Sec. 14.40.368. MANAGEMENT AND DISPOSITION OF INCOME FROM  
28 EXISTING ENCUMBRANCES. For the land selected by and conveyed to the  
29 University of Alaska under AS 14.40.365 that is subject to a lease, contract, claim,  
30 sale, permit, or right-of-way identified in AS 14.40.365(a)(4)

31 (1) the state is entitled to receive the income obtained from the lease,

1 contract, claim, sale, permit, or right-of-way for the duration of the term of the lease,  
2 contract, claim, sale, permit, or right-of-way, and during any renewal of it that is  
3 authorized by the lease, contract, claim, sale, permit, or right-of-way, or by law;

4 (2) the responsibility for the management of the land vests with the  
5 University of Alaska only upon conclusion of the term of the lease, contract, claim,  
6 sale, permit, or right-of-way, and any renewal authorized by the lease, contract, claim,  
7 sale, permit, or right-of-way, by law.

8 Sec. 14.40.369. CUSTOMARY AND TRADITIONAL USES TO BE  
9 CONTINUED. When land selected by the University of Alaska under AS 14.40.365  
10 has been conveyed to it, the University of Alaska shall manage the land in a manner  
11 that permits customary and traditional uses of the resources of that land to the  
12 maximum extent possible.

13 \* Sec. 7. AS 14.40.400(a) is amended to read:

14 (a) The Department of Revenue shall establish a separate endowment trust  
15 fund in which all net income derived from the sale or lease of the land granted under  
16 the Act of Congress approved January 21, 1929, and the land selected by and  
17 conveyed to the University of Alaska under AS 14.40.365, and in which all  
18 monetary gifts, bequests, or endowments made to the University of Alaska for the  
19 purpose of the fund, shall be held in trust.

20 \* Sec. 8. AS 14.40.400(c) is amended to read:

21 (e) Subject to legislative appropriation, the [THE] Department of  
22 Administration shall disburse the net income from the trust fund upon vouchers  
23 approved by the president and treasurer of the University of Alaska specifying the  
24 purpose for which the money is to be used and showing it is to be used in conformity  
25 with this section.

26 \* Sec. 9. AS 14.40.491 is amended to read:

27 Sec. 14.40.491. DEFINITION OF UNIVERSITY RECEIPTS. In  
28 AS 14.40.120 - 14.40.491, "university receipts" includes

- 29 (1) student fees, including tuition;  
30 (2) receipts from university auxiliary services;  
31 (3) recovery of indirect costs of university activities;

- 1 (4) the net income of the trust fund established in AS 14.40.400 and  
2 receipts from sales and rentals of university property;  
3 (5) federal receipts;  
4 (6) gifts, grants, and contracts; and  
5 (7) receipts from sales, rentals, and the provision of services of  
6 educational activities.

7 \* Sec. 10. AS 29.45.030(a) is amended to read:

8 (a) The following property is exempt from general taxation:

9 (1) municipal property, including property held by a public corporation  
10 of a municipality, or state property, except that

11 (A) a private leasehold, contract, or other interest in the  
12 property is taxable to the extent of the interest;

13 (B) notwithstanding any other provision of law, property  
14 acquired by an agency, corporation, or other entity of the state through  
15 foreclosure or deed in lieu of foreclosure and retained as an investment of a  
16 state entity is taxable; this subparagraph does not apply to federal land granted  
17 to the University of Alaska under AS 14.40.380 or 14.40.390, or to other land  
18 granted to the university by the state to replace land that had been granted  
19 under AS 14.40.380 or 14.40.390, or to land conveyed by the state to the  
20 University of Alaska under AS 14.40.365;

21 (C) an ownership interest of a municipality in real property  
22 located outside the municipality acquired after December 31, 1990, is taxable  
23 by another municipality; however, a borough may not tax an interest in real  
24 property located in the borough and owned by a city in that borough;

25 (2) household furniture and personal effects of members of a  
26 household;

27 (3) property used exclusively for nonprofit religious, charitable,  
28 cemetery, hospital, or educational purposes;

29 (4) property of a nonbusiness organization composed entirely of persons  
30 with 90 days or more of active service in the armed forces of the United States whose  
31 conditions of service and separation were other than dishonorable, or the property of

1 an auxiliary of that organization;

2 (5) money on deposit;

3 (6) the real property of certain residents of the state to the extent and  
4 subject to the conditions provided in (e) of this section;

5 (7) real property or an interest in real property that is exempt from  
6 taxation under 43 U.S.C. 1620(d), as amended;

7 (8) property of a political subdivision, agency, corporation, or other  
8 entity of the United States to the extent required by federal law; except that a private  
9 leasehold, contract, or other interest in the property is taxable to the extent of that  
10 interest;

11 (9) natural resources in place including coal, ore bodies, mineral  
12 deposits, and other proven and unproven deposits of valuable materials laid down by  
13 natural processes, unharvested aquatic plants and animals, and timber.

14 \* Sec. 11. APPLICABILITY OF UNIVERSITY SELECTION RIGHTS UNDER  
15 AS 14.40.365 TO LAND. In addition to the land that, under AS 14.40.365(e), the  
16 commissioner of natural resources may not convey to the University of Alaska, the  
17 commissioner of natural resources may not convey land that, at the time of its selection by  
18 the university,

19 (1) is subject to designation for conveyance or conveyance to the Alaska  
20 Mental Health Trust Authority under sec. 54, ch. 66, SLA 1991;

21 (2) is land that the commissioner of natural resources reasonably believes  
22 should be designated for conveyance or conveyed to the Alaska Mental Health Trust Authority  
23 under sec. 55, ch. 66, SLA 1991, as compensation to that trust for original mental health trust  
24 land not available for return to the corpus of the trust; or

25 (3) is land described in sec. 56, ch. 66, SLA 1991, as listed in "Lands  
26 Hypothecated to the Mental Health Trust, May 1991" located in the office of the director of  
27 the division of lands, Department of Natural Resources, in Anchorage, Alaska, that has been  
28 hypothecated to secure reconstitution of the mental health trust; however, as the reconstitution  
29 of the mental health trust is accomplished and the hypothecated land is released on a pro rata  
30 basis, the University of Alaska may select the land and the commissioner may convey it.

31 \* Sec. 12. LEGISLATIVE INTENT. It is the intent of the legislature that, if sec. 11 of

1 this Act has not taken effect on or before the effective date of secs. 1 - 4 and 6 - 10 of this  
2 Act, the commissioner of natural resources reject, as inconsistent with the best interests of the  
3 state, selections of land by the University of Alaska under AS 14.40.365, added by sec. 4 of  
4 this Act, of land described in sec. 11 of this Act.

5 \* Sec. 13. Section 5 of this Act takes effect on the effective date of a version of House Bill  
6 199 or Senate Bill 150 of the Eighteenth Alaska State Legislature authorizing oil and gas  
7 exploration licensing on state land that is passed by the Eighteenth Alaska State Legislature.

8 \* Sec. 14. Section 11 of this Act takes effect on the effective date of ch. 66, SLA 1991.