

HB

191

SFIN

FILE

HENRY J. CAMAROT
12490 N. Madison Ave. N.E.
Bainbridge Island, WA 98110
206-842-1441
FAX: 206-842-1502

TO: Senator Steve Frank
FAX NO.: (907) 465-4714 NUMBER OF PAGES 5
(INCLUDING COVER PAGE)
FROM: Henry J. Camarot
DATE: April 30, 1996
RE: H.B. 191
MESSAGE: Dear Senator Frank:

I have been told the above
Bill has been amended to require
a bond before a miner may stake
a claim on property conveyed
to a third party by the State,
(with a reservation of the mineral
rights) this would adversely
affect hundreds of claims. (See
attached Affidavits of Kerwin Krause.)
A bond should not be required for
the mere staking of claims. Would
you please distribute this Fax to
all of the Senate Finance Committee
Members. Thank you.

Henry J. Camarot.

HB 191 DNR Land Management Reorganization Bill

This 26-page "housekeeping" bill updates and clarifies Title 38 statutes on management of state land and other resources. Though not intended as a revenue measure, HB 191 will raise between \$65.0 - \$70.0 per year with new and updated administrative service and lease fees.

Attempting to reduce department costs with increased efficiency, the bill eliminates outdated sections of law and combines management activities. It merges the defunct "land disposal bank" into the current state land disposal program. That program gains equal footing with other natural resource sales, allowing, but not mandating, the Division of Land to prepare and seek funding for an annual schedule of sales, including remote recreation site leases and sales.

By regulation, DNR can also create new land disposal programs as long as it provides for competitive fair market value sales. An annual land demand study mandated in current law is abolished. In response to a court decision that found it was unconstitutional to make purchaser appear in person at a state land sale, the bill gives the commissioner discretion on the location for sales and deletes personal-appearance requirements.

The current state land sale contract system is changed beginning with termination of its reliance on the old Federal Land Bank's "prevailing" rate for determining interest rates, which no longer exists. The new system sets interest rates at 4 % above the prime rate up to a 9% cap for agricultural land and 13.5 % cap for all other land sales.

Correcting what we term a 1984 "error" in the veterans' preference auction law, the bill clarifies that such a sale must be held before restricted residential lots can be sold at a general public auction. It also makes it clear that the preference does not apply to the lottery, homesite or homestead programs.

The bill also simplifies the process for leasing setnets and aquatic farm sites, allowing more standard state leasing laws to apply. It eliminates the provision that requires the department to determine who is the most qualified applicant. If the department cannot determine who is the most qualified, the lessee will be determined by lot. It also sets an annual lease rate of \$300.00 and makes it clear that an existing lease holder has a preference to renew over any other applicant.

For aquatic farms it eliminates the annual renewal of a permit process and replaces it with a 10 year lease and, like other land disposals and leases, public hearings on leasing decisions would be held as necessary, but not mandated as under current law.

The bill gives the state protection against liability and clean-up costs with provisions requiring restoration of surface lease sites.

The process for adjustment of annual rentals on mining claims and leases is simplified to require DNR to check the consumer price index each year and adjust the rate, only in \$5 increments, if the index had moved \$5 or more.

New language also clarifies that mining developer's surface leases are not subject to competitive bidding law. The department will be required to adopt regulations setting out the lease procedure and annual rental rates.

Henry J. Camarot, Esq.
12490 N. Madison Ave. N.E.
Bainbridge Island, WA 98110

Attorney for Plaintiffs
(206) 842-1441

IN: THE SUPERIOR COURT FOR THE STATE OF ALASKA

FIRST JUDICIAL DISTRICT AT JUNEAU

ALASKA JUNEAU ASSOCIATES,)
)
Plaintiff,)

vs.)

MICHAEL HAYES, et al.,)
)
Defendants.)

Case No. 1JU-82-2048 Civ.

AFFIDAVIT OF KERWIN KRAUSE

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

COMES NOW Kerwin Krause, being first duly sworn upon oath,
deposes and states as follows:

1. I am employed by the State of Alaska ("State"),
Department of Natural Resources, Division of Mining, as the
Property Management Geologist. I have held this position since
approximately January, 1988.

2. Upon the request of Henry Camarot, counsel for
defendants in the above captioned case, I caused to be conducted
a computer records search of the Division of Mining records to
determine the number of state mining claims on lands wherein the
State has reserved the mineral estate and the surface estate is
owned by a party other than the State.

andberg, Smith,
esenfeld & Corey
WEST 7TH AVENUE
SUITE 200
ANCHORAGE, AK 99501
(907) 276-4343

3. Based upon the computer records search carried out under my supervision on December 29, 1993, there appear to be approximately 1,441 state mining claims on lands wherein the State has reserved the mineral estate and the surface estate is owned by a party other than the State. I cannot guarantee the accuracy of this number and I make no representations as to the validity of any of the mining claims included within this number.

FURTHER YOUR AFFIANT SAYETH NAUGHT.

Kerwin Krause
Kerwin Krause

SUBSCRIBED AND SWORN TO before me this 6th day of January, 1994.

John W. Helmore
Notary Public in and for Alaska
My Commission Expires: 10/31/95

I hereby certify that a true and correct copy of the foregoing was served by () mail () fax () hand this 6th day of January, 1994, to:

James N. Reeves, Esq.
Bogle & Gates
1031 W. 4th Ave., Suite 600
Anchorage, Alaska 99501

Henry J Camarot

Berg, Smith,
Infield & Corey
477TH AVENUE
SUITE 200
DRAKE, AK 99501
907.276.6363

000310

SECOND AFFIDAVIT OF KERWIN KRAUSE

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

COMES NOW Kerwin Krause, being first duly sworn upon oath, deposes and states as follows:

1. I am employed by the State of Alaska ("State"), Department of Natural Resources, Division of Mining, as the Property Management Geologist. I have held this position since approximately January, 1988.

2. This affidavit is offered for the sole purpose of clarifying the computer search parameters and results described in my previous affidavit dated January 6, 1994, and filed with the court in the above-captioned case.

3. The Department of Natural Resources computer programs available to me are capable of defining land ownership and status down to the level of a section (640 acres). Any finer delineation must be determined by manual inspection of plats (maps) of each section, which plats are available for public inspection at the Department of Natural Resources offices.

4. In the computer search of December 29, 1993, the results of which are given in my previous affidavit, the computer records available were searched to determine which sections in the state contain (a) lands wherein the State of Alaska owns or has reserved the mineral estate but where the surface estate has been conveyed to a party other than the State of Alaska ("split estate lands"); and (b) state mining claims.

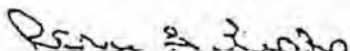
5. The computer search showed that approximately 1,441

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state mining claims are shown as existing within sections containing split estate lands. No determination was made as to whether the state mining claims were located on or overlapped onto the split estate lands. No manual search of plats was carried out nor is one planned as this is a very time-consuming and labor-intensive search for information not currently required for a Department of Natural Resource purpose that is most appropriately carried out by the inquiring party.


Kerwin Krause

Subscribed and sworn to before me this 31st day of January, 1994.


Notary public in and for Alaska.
My commission expires: Oct 10, 1997

000311

FISCAL NOTE

No. 5

Bill Version: SCS SS HB191 (Res)

(S) Publish Date: 5/1/96

STATE OF ALASKA 1996 LEGISLATIVE SESSION

Revision Date: Original Dept Affected Natural Resources
 Title: "An Act relating to the management and disposal of state land and resources; ..." BRU: Management and Administration
 Sponsor: Reps. Therriault, James and Brice Component: Information Resource Management
 Requestor: Senate Resources Finance Component Serial No. 427

Expenditures/Revenues		(Thousands of Dollars)				
	FY97	FY98	FY99	FY00	FY01	FY02
OPERATING EXPENDITURES						
PERSONAL SERVICES	18.0					
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	18.0	0.0	0.0	0.0	0.0	0.0
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)				
	FY97	FY98	FY99	FY00	FY01	FY02
1002 Federal Receipts						
1003 GF Match						
1004 GF	18.0					
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	18.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost: \$ 0.0

POSITIONS		FY97	FY98	FY99	FY00	FY01	FY02
FULL-TIME		0	0	0	0	0	0
PART-TIME		0	0	0	0	0	0
TEMPORARY		1	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

HB191 revises the current land disposal program and adds a new Remote Cabin Site/Lease program. The Department of Natural Resources is responsible for tracking all resource activity on state land. The programs introduced in this bill require the department's current land record systems to be modified to track this new information. Modifications must be made in the Revenue and Billing System to track new lease rentals, homesite permit fees, and remote cabin site revenue. Modifications must be made in the Land Administration System to track the new programs, which requires setting up case types and transactions. And, modifications must be made in the Land Status GIS system to map the new activities on state status plats, the state's graphic land record maps of land ownership and resource activity. The costs for these modifications is \$18.0.

Prepared by: Nico Bus, Acting Director Phone: 465-2406
 Division: Support Services Date: 30-Apr-96
 Approved by Commissioner: Nico Bus for John Therriault Date: 30-Apr-96
 Agency: Natural Resources

FISCAL NOTE

No. 4

Bill Version: SCS 55 HB 191 (RES)
 (S) Publish Date: 5/1/96

STATE OF ALASKA 1996 LEGISLATIVE SESSION

Revision Date: Original Dept Affected: Natural Resources
 Title: An Act relating to the management and disposal of state land and resources... BRU: Resource Development
 Sponsor: Representative Theriault Component: Land Development
 Requestor: Senate Finance Component Serial No. #431

Expenditures/Revenues		(Thousands of Dollars)					
	FY97	FY98	FY99	FY00	FY01	FY02	
OPERATING EXPENDITURES							
PERSONAL SERVICES	140.0	140.0	140.0	140.0	140.0	140.0	
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							
EQUIPMENT							
LAND & STRUCTURES							
GRANTS, CLAIMS							
MISCELLANEOUS							
TOTAL OPERATING	150.0	150.0	150.0	150.0	150.0	150.0	
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0	
CHANGE IN REVENUES (1005)	66.3	70.0	53.7	29.5	29.5	29.5	

FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts	150.0	150.0	150.0	150.0	150.0	150.0	
1006 GF/MHTIA							
Other							
TOTAL	150.0	150.0	150.0	150.0	150.0	150.0	

Estimate of any current year (FY96) cost: \$ none

POSITIONS							
FULL-TIME	2	2	2	2	2	2	
PART-TIME	0	0	0	0	0	0	
TEMPORARY	0	0	0	0	0	0	

ANALYSIS: (Attach a separate page if necessary)
 The operating expenditures are necessary to offset the elimination of the positions in the FY97 proposed budget. The program was reduced based on the current law that says that shore fishery leases are non-mandatory and that only reasonable administrative costs to cover the expenses of the program can be charged. With passage of HB 191, closer to fair market value for the leases may be charged when they come up for renewal. The two positions that administer the program need to be funded so that the additional revenue to the state can be realized.
 The changes proposed in this bill will generate more revenues for the state based on increased revenues for aquatic farm and shore fishery leases; increased applications and service fees for land disposals; and a requirement that all land disposals be for at least fair-market value.
 Attached table shows increased revenue estimates.

Prepared by: Ron Swanson Phone: 269-8503
 Division: Land Date: 30-Apr-96
 Approved by Commissioner: [Signature] Date: 30-Apr-96
 Agency: Natural Resources

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Page 2 - SCSSSH6191(RES) - Fiscal Revenue Analysis

	FY97	FY98	FY99	FY00	FY01	FY02
Shore Fish	27.9	31.3	15.5	.	.	.
Aquatic Farm	8.9	8.7	9.7
Homestead Application Fees	1.5	1.5	1.5	1.5	1.5	1.5
Homestead Entry Permits	28.0	28.0	28.0	28.0	28.0	28.0
NEW REVENUE	66.3	70.0	53.7	29.5	29.5	29.5
EXISTING REVENUE	390.2	456.5	526.5	580.2	580.2	580.2
TOTAL EST. REVENUE	456.5	526.5	580.2	609.7	609.7	609.7

* All Shore Fish leases will be converted to the new lease rate after FY99. There will be no more "new" revenues to report in the out years. The estimated annual revenue for Shore Fish leases will increase from \$350.0 in FY96 to \$425.0 by the year FY00.

** All Aquatic Farming leases will be converted to the new lease rate after FY99. There will be no more "new" revenues to report in the out years. The estimated annual revenue for Aquatic Farm leases will increase from \$31.5 in FY96 to \$57.8 by the year FY00.

FISCAL NOTE

No. 3
 Bill Version: CSHB 191 (FIN)
 (H) Publish Date: 4/28/95

STATE OF ALASKA
 1995 LEGISLATIVE SESSION

Revision Date: 24-Apr-95 Dept Affected: Natural Resources
 Title: An Act relating to the management and disposal of BRU: Resource Development
state and and resources; relating to certain remote parcels and ... Component: Land Development
 Sponsor: Representative Theraut
 Recastor: _____ Component Serial No. 431

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.01	0.01	0.01	0.01	0.01	0.01
CAPITAL EXPENDITURES	0.01	0.01	0.01	0.01	0.01	0.01
CHANGE IN REVENUES (1005)	213.31	213.31	213.31	213.31	213.31	213.31

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.01	0.01	0.01	0.01	0.01	0.01

Estimate of any current year (FY95) cost: \$ None

POSITIONS						
FULL-TIME	01	01	01	01	01	01
PART-TIME	01	01	01	01	01	01
TEMPORARY	01	01	01	01	01	01

ANALYSIS: (Attach a separate page if necessary)

The changes proposed in this bill will generate more revenues for the State, with the current estimate at approximately \$213.8 more annually than budgeted restricted revenues.

Prepared by: Ron Swanson, Director Phone: 762-2692
 Division: Land Date: 24-Apr-95
 Approved by Commissioner: *[Signature]* Date: 4-25-95
 Agency: Natural Resources

FISCAL NOTE

No. 2

Bill Version: CSSSHB 191 (RES)

(H) Publish Date: 4/10/95

STATE OF ALASKA
1995 LEGISLATIVE SESSION

Revision Date:	Dept. Affected: <u>Fish and Game</u>
Title: <u>Management of State Land and Resources</u>	BRU: <u>Habitat and Restoration</u>
Sponsor: <u>Representative Thernault</u>	Component: <u>Habitat</u>
Requester: <u>Resources, Finance</u>	COMPONENT SERIAL NO. <u>486</u>

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
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	0.0	0.0	0.0	0.0	0.0	0.0

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)

FUND SOURCE	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY95) cost: \$ _____

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This bill is anticipated to have little or no affect on the department's programs. It may have a long-term positive fiscal impact by reducing land use conflicts and thereby reducing the department's workload pertaining to review and response to the Department of Natural Resources' actions.

Prepared by: Ellen Fritts, Acting Director
 Division: Habitat and Restoration
 Approved by Commissioner: Frank...
 Agency: ADF&G

Phone: 465-4105
 Date: _____
 Date: 3.15.95

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COMMITTEE COPY

FISCAL NOTE

114

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. SCSSSHB191(Res)

Revision Date: Original Dept Affected Natural Resources
 Title: An Act relating to the management and disposal of state land and resources... BRU: Resource Development
 Sponsor: Representative Therriault Component: Land Development
 Requestor: Senate Finance Component Serial No. #431

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES	140.0	140.0	140.0	140.0	140.0	140.0
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						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	150.0	150.0	150.0	150.0	150.0	150.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES (1005)	66.3	70.0	53.7	29.5	29.5	29.5

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	150.0	150.0	150.0	150.0	150.0	150.0
1006 GF/MHTIA						
Other						
TOTAL	150.0	150.0	150.0	150.0	150.0	150.0

Estimate of any current year (FY96) cost: \$ none

POSITIONS

FULL-TIME	2	2	2	2	2	2
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

The operating expenditures are necessary to offset the elimination of the positions in the FY97 proposed budget. The program was reduced based on the current law that says that shore fishery leases are non-mandatory and that only reasonable administrative costs to cover the expenses of the program can be charged. With passage of HB 191, closer to fair market value for the leases may be charged when they come up for renewal. The two positions that administer the program need to be funded so that the additional revenue to the state can be realized.

The changes proposed in this bill will generate more revenues for the state based on increased revenues for aquatic farm and shore fishery leases; increased applications and service fees for land disposals; and a requirement that all land disposals be for at least fair-market value.

Attached table shows increased revenue estimates.

Prepared by: Ron Swanson Phone: 269-8503
 Division: Land Date: 30-Apr-96
 Approved by Commissioner: [Signature] Date: 30-Apr-96
 Agency: Natural Resources

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	FY97	FY98	FY99	FY00	FY01	FY02
Shore Fish	27.9	31.8	15.5	*	*	*
Aquatic Farm	8.9	8.7	8.7	**	**	**
Homestead Application Fees	1.5	1.5	1.5	1.5	1.5	1.5
Homestead Entry Perrmits	28.0	28.0	28.0	28.0	28.0	28.0
NEW REVENUE	66.3	70.0	53.7	29.5	29.5	29.5
EXISTING REVENUE	390.2	456.5	526.5	580.2	580.2	580.2
TOTAL EST. REVENUE	456.5	526.5	580.2	609.7	609.7	609.7

* All Shore Fish leases will be converted to the new lease rate after FY99. There will be no more "new" revenues to report in the out years. The estimated annual revenue for Shore Fish leases will increase from \$350.0 in FY96 to \$425.0 by the year FY00.

** All Aquatic Farming leases will be converted to the new lease rate after FY99. There will be no more "new" revenues to report in the out years. The estimated annual revenue for Aquatic Farm leases will increase from \$31.5 in FY96 to \$57.8 by the year FY00.

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. SCSSSHB191(RES)

Revision Date: Original Dept Affected Natural Resources
 Title: "An Act relating to the management and disposal of state land and resources; ..." BRU: Management and Administration
 Sponsor: Reps. Therriault, James and Brice Component: Information Resource Management
 Requestor: Senate Resources-Finance Component Serial No. 427

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES	18.0					
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	18.0	0.0	0.0	0.0	0.0	0.0
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	18.0					
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	18.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost: \$ 0.0

POSITIONS	FY97	FY98	FY99	FY00	FY01	FY02
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	1	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

HB191 revises the current land disposal program and adds a new Remote Cabin Site/Lease program. The Department of Natural Resources is responsible for tracking all resource activity on state land. The programs introduced in this bill require the department's current land record systems to be modified to track this new information. Modifications must be made in the Revenue and Billing System to track new lease rentals, homesite permit fees, and remote cabin site revenue. Modifications must be made in the Land Administration System to track the new programs, which requires setting up case types and transactions. And, modifications must be made in the Land Status GIS system to map the new activities on state status plats, the state's graphic land record maps of land ownership and resource activity. The costs for these modifications is \$18.0.

Prepared by: Nico Bus, Acting Director Phone: 465-2406
 Division: Support Services Date: 30-Apr-96
 Approved by Commissioner: Nico Bus to John King Date: 30-Apr-96
 Agency: Natural Resources

BILL: HB 191 SHORT TITLE: MANAGEMENT OF STATE LAND AND RESOURCES
BILL VERSION: CSSH 191(FIN)
SPONSOR(S): REPRESENTATIVE(S) THERRIAULT, JAMES, BRICE

CURRENT STATUS: (S) FIN

STATUS DATE: 04/30/96

TITLE: "AN ACT RELATING TO THE MANAGEMENT AND DISPOSAL OF STATE LAND AND RESOURCES; RELATING TO CERTAIN REMOTE PARCEL AND HOMESTEAD ENTRY LAND PURCHASE CONTRACTS AND PATENTS; AND PROVIDING FOR AN EFFECTIVE DATE."

02/22/95	448	(H)	READ THE FIRST TIME - REFERRAL(S)
02/22/95	448	(H)	RESOURCES, FINANCE
03/15/95	741	(H)	SPONSOR SUBSTITUTE INTRODUCED-REFERRALS
03/15/95	741	(H)	READ THE FIRST TIME - REFERRAL(S)
03/15/95	741	(H)	RESOURCES, FINANCE
04/10/95	1212	(H)	RES RPT CS(RES) 2DP 4NR
04/10/95	1213	(H)	DP: WILLIAMS, GREEN
04/10/95	1213	(H)	NR: DAVIES, KOTT, AUSTERMAN, OGAN
04/10/95	1213	(H)	2 ZERO FISCAL NOTES (DNR, F&G)
04/12/95	1302	(H)	COSPONSOR(S): JAMES
04/28/95	1618	(H)	FIN RPT CS(FIN) 5DP 3NR 1AM
04/28/95	1618	(H)	DP: FOSTER, PARNELL, KOHRING, BROWN
04/28/95	1618	(H)	DP: THERRIAULT
04/28/95	1618	(H)	NR: MULDER, GRUSSENDORF, NAVARRE
04/28/95	1618	(H)	AM: KELLY
04/28/95	1618	(H)	FISCAL NOTE (DNR)
04/28/95	1618	(H)	ZERO FISCAL NOTE (F&G) 4/10/95
05/03/95	1819	(H)	RULES TO CALENDAR 5/03/95
05/03/95	1819	(H)	READ THE SECOND TIME
05/03/95	1820	(H)	FIN CS ADOPTED UNAN CONSENT
05/03/95	1820	(H)	ADVANCED TO THIRD READING 5/04 CALENDAR
05/03/95	1839	(H)	COSPONSOR(S): BRICE
05/04/95	1872	(H)	READ THE THIRD TIME CSSH 191(FIN)
05/04/95	1872	(H)	PASSED Y34 A6
05/04/95	1873	(H)	EFFECTIVE DATE(S) SAME AS PASSAGE
05/04/95	1879	(H)	TRANSMITTED TO (S)
05/05/95	1523	(S)	READ THE FIRST TIME - REFERRAL(S)
05/05/95	1523	(S)	FINANCE
01/11/96	2103	(S)	RES REFERRAL ADDED
01/11/96	2103	(S)	WITHDRAWN FROM FIN, REFERRED TO RES, FIN
04/30/96	3720	(S)	RES RPT SCS 3DP 2NR
05/01/96	3745	(S)	FNS TO SCS (DNR-2)
04/30/96	3721	(S)	REFERRED TO FINANCE

Old
Fiscal
Notes

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. CSSSHB 191(FIN)

Revision Date: <u>1/11/96</u>	Dept. Affected: <u>Fish and Game</u>
Title: <u>Management of State Land and Resources</u>	BRU: <u>Habitat and Restoration</u>
Sponsor: <u>Representative Therriault</u>	Component: <u>Habitat</u>
Requester: <u>House Finance</u>	COMPONENT SERIAL NO. <u>486</u>

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
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	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0	0	0	0	0	0
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CHANGE IN REVENUES ()	0	0	0	0	0	0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL						

Estimate of any current year (FY96) cost: \$ 0

POSITIONS

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Janet Kowalski
 Division: Habitat and Restoration

Approved by Commissioner: Frank Rue
 Agency: Fish and Game

Phone: 465-3065
 Date: 1/11/96
 Date: 1/11/96

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FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. CSSS HB 191 (FIN)

Revision Date: _____ Dept. Affected: Department of Law
 Title: "An Act relating to the management and disposal
of state land and resources . . ." BRU: Civil Division
 Sponsor: Representative Therriault Component: General Legal Services
 Requester: House Resources Committee COMPONENT SERIAL NO. 2087

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY95) cost: \$ 0.0

POSITIONS

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This bill substantially revises Title 38, relating to the disposal of state land and resources, particularly remote parcel and homestead entry land purchase transactions. Most of the revisions have the effect of clarifying existing law and make the disposal process more efficient and up-to-date. Consequently, the bill will not have a fiscal impact for the Department of Law.

Prepared by: Richard I. Pegues, Director
 Division: Administrative Services Division
 Approved by Commissioner: Bruce M. Botelho, Attorney General
 Agency: Department of Law

Phone: 465-3672
 Date: 1/12/96
 Date: 1/12/96

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FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. CSSSHB 191 (Fin)

Revision Date: 16-Jan-96 Dept Affected Natural Resources
 Title: An Act relating to the management and disposal of state land and resources... BRU: Resource Development
 Component: Land Development
 Sponsor: Representative Therriault
 Requestor: Senate Resources Component Serial No. 431

Expenditures/Revenues (Thousands of Dollars)

	FY97	FY98	FY99	FY00	FY01	FY02
OPERATING EXPENDITURES						
PERSONAL SERVICES	125.0	125.0	125.0	125.0	125.0	125.0
TRAVEL	5.0	5.0	5.0	5.0	5.0	5.0
CONTRACTUAL	20.0	20.0	20.0	20.0	20.0	20.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	150.0	150.0	150.0	150.0	150.0	150.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES (1005)	213.8	289.0	383.0	486.0	552.0	610.0

FUND SOURCE (Thousands of Dollars)

	FY97	FY98	FY99	FY00	FY01	FY02
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	150.0	150.0	150.0	150.0	150.0	150.0
1006 GF/MHTIA						
Other						
TOTAL	150.0	150.0	150.0	150.0	150.0	150.0

Estimate of any current year (FY96) cost: \$ none anticipated

POSITIONS

	FY97	FY98	FY99	FY00	FY01	FY02
FULL-TIME	2	2	2	2	2	2
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

The operating expenditures are necessary to offset the elimination of the positions in the FY 97 proposed budget. The program was reduced based on the current law that says that shore fishery leases are non-mandatory and that only reasonable administrative costs to cover the expenses of the program can be charged. With passage of HB 191 fair market value for the leases may be charged when they come up for renewal. The two positions that administer the program need to be funded so that the additional revenue to the state can be realized.

The changes proposed in this bill will generate more revenues for the state based on increased revenues for aquatic farm and shore fishery leases; increased applications and service fees for land disposals; and a requirement that all land disposals be for at least fair-market value.

Prepared by: Ron Swanson Phone: 269-8503
 Division: Land Date: 16-Jan-96
 Approved by Commissioner: [Signature] Date: _____
 Agency: Natural Resources

Alaska State Legislature

REPRESENTATIVE
GENE THERRIAULT
P O Box 55326
North Pole, Alaska 99705
(907) 488-0862

House District 33



Write in Juneau
State Capitol
Juneau, Alaska
99801-1182
(907) 465-4797

House Of Representatives

MEMORANDUM

TO: Representative Rick Halford, Co-Chair
Senate Finance Committee

FROM: Representative Gene Therriault *Gene*

DATE: May 5, 1995

SUBJECT: Scheduling of HB 191

I respectfully request House Bill 191, "An Act relating to the management and disposal of state land and resources" be scheduled for a hearing in Senate Finance.

CS SSHB 191 (Fin) is a basic housekeeping bill intended to streamline DNR's land use and land disposal programs. CS SSHB 191 (FIN) revises the "remote cabin permit program" to a program that would allow for either the sale or lease of land for a remote cabin site. The permit program was never put into action because of the associated administrative costs with a minimal return to the state. The committee substitute also includes a section clarifying that the sale of state land does not obligate the state to provide additional services. HB 191 also makes some substantive changes to the Shore Fisheries program to allow a reasonable return to the state for the use of state land for set net sites. With the passage of this bill, DNR expects an increase in revenue to the state well over \$200,000 annually.

The following information is attached:

1. CS SSHB 191 (FIN)
2. Sectional analysis
3. Sponsor statement

On May 4, 1995 CS SSHB 191(FIN) passed the House with no opposition.

I appreciate your consideration of my request.

Attachments (3)

Alaska State Legislature

REPRESENTATIVE
GENE THERRIAULT
P O Box 55326
North Pole, Alaska 99705
(907) 488-0862

House District 33



Wrote in Juneau
State Capitol
Juneau, Alaska
99801-1182
(907) 465-4797

House Of Representatives

CS SSHB 191 (FIN) "An Act relating to the management and disposal of state land and resources; relating to certain remote parcel and homestead entry land purchase contracts and patents; and providing and effective date."

SPONSOR: Rep. Gene Therriault

SPONSOR STATEMENT:

This bill is a housekeeping measure intended to clarify certain Title 38 statutes governing DNR's management of state land and resources. CSSS HB 191(FIN) is intended to bring greater efficiency to the management of state lands without sacrificing public involvement in land use decisions.

As the House finance subcommittee chairman for the DNR budget, I have worked with the Department to come up with changes to Title 38 that would simplify programs and reduce costs to DNR. The passage of this bill will result in a more administratively efficient agency. CS SSHB 191 (FIN) revises the "remote cabin permit program" to a program that would allow for either the sale or lease of land for a remote cabin site. The permit program was never put into action because of the associated administrative costs with a minimal return to the state. This program is just one example of proposed changes intended to give DNR the tools necessary to dispose of state land more efficiently. The committee substitute also includes a section clarifying that the sale of state land does not obligate the state to provide additional services. Furthermore, HB 191 makes some changes to the Shore Fisheries program to allow a reasonable return to the state for the use of state land for set net sites.

Although this bill is not intended to be a complete rewrite of Title 38, I believe it is a positive effort, supported by the administration to streamline state government.

Sectional Analysis of CSSSHB 191(Fin)

April 27, 1995

Secs. 1-30, 33-34, and 36-54 affect the Division of Land. Secs. 30-35 affect the Division of Mining and Water Management. Sec. 29 affects the Division of Oil and Gas. Sec. 50 affects the Division of Parks and Outdoor Recreation.

Sec. 1 would clarify that the department's consideration of timber, firewood, and water supplies before offering land for disposal does not imply that any person has exclusive use of those resources or constitute a limitation on future state disposals. (AS 38.04.010(b).)

Secs. 2-10 are basic housekeeping:

- Secs. 2 and 3 would merge the old "land disposal bank" into the existing state land disposal program. Under laws passed in the last decade, regional land use plans are used to identify land that will be offered for private ownership. More than 2,000,000 acres have been classified through this process, making the land bank obsolete. Related references to the land disposal bank are repealed in Sec. 49. (AS 38.04.020(a)-(b), plus repealers of (c), (f), (j), and (k).)
- Sec. 4 would rewrite AS 38.04.020(d) to retain its substance--a biennial report to the legislature on the current inventory of state land available for disposal--without requiring a separate "land disposal bank." For efficiency, the report would be tailored to the way that inventory is catalogued: by its classification. Land suitable for most commercial, industrial, residential, and private recreational use is grouped together in the "settlement" classification, but is separate from the "agricultural" and "grazing" classifications. (AS 38.04.020(d).)
- Sec. 5 would put the state land disposal program on the same footing as other natural resource sale programs: whether to submit a budget request each year would be discretionary, not mandatory. But each budget proposal would be complete. It would request the full funding needed to get the land disposal projects ready for sale, including any access roads or other capital improvements that might be required. (AS 38.04.020(e).)
- Sec. 6 would make technical corrections, dropping an out-of-order classification reference (land must already be planned and classified for disposal before it is surveyed and platted), an erroneous reference to a homestead "lease," and a reference to homestead staking that would be made obsolete by Secs. 43-44 of this bill. (AS 38.04.020(g).)
- Sec. 7 would make clear that the five-acre limit on subdivision lots applies to land sold for residential and recreational uses, not agricultural parcels, commercial parcels, etc.

This clarification is needed because under current law, any division of a tract for purposes of sale constitutes a subdivision. The amendment would also allow larger lots if that would be a better marketing decision for the state. (AS 38.04.020(h).)

- Sec. 8 would update a list of state land disposal programs by adding the homestead law and the remote recreational cabin site lease/sale program enacted by Sec. 36 of the bill. (AS 38.04.020(i).)
- Sec. 9 would correct a missing item in the budget appropriation process, clarifying that the commissioner's disposal funding request must go to the governor first, not be sent straight to the legislature. (AS 38.04.021(a).)
- Sec. 10 would delete a cross-reference to an annual land demand study, repealed by this bill. (AS 38.04.021(b).)

Sec. 11 would let the Department of Natural Resources create new land disposal programs by regulation, so long as they provide for competition and produce at least fair market value for the land. (AS 38.04.030.)

Sec. 12 clarifies the legislature's policy that sales of public land to private individuals should be at fair market value unless specifically exempted, and removes a reference to remote cabin permits (repealed by Sec. 49 of this bill). (AS 38.04.035.)

Sec. 13 deletes language exempting random-staked homesteads and remote parcels from cadastral survey requirements. The remote parcel program was repealed in 1983, effective 1984, and the homestead program was changed in 1988 to preclude random staking. (Remote recreational cabin site leases, as enacted by Sec. 36 of the bill, would be exempt from this statute because they are short-term leases. The statute would not apply until the remote recreational cabin site was ready to sell.) (AS 38.04.045(b).)

Secs. 14-16 and 43 respond to a Superior Court decision that it is unconstitutional to make state land purchasers appear in person at a state land sale.

- Sec. 14 would make it discretionary where to hold land auctions and lotteries. (AS 38.05.050.)
- Sec. 15 would delete the personal-appearance requirement for land auctions, allowing bidders to be represented by an agent. (AS 38.05.055.)
- Sec. 16, and a related repealer in Sec. 49, would delete the requirement that purchasers appear in person at land lotteries and pay the down payment on the spot. Instead, they would have 30 days to make the payment. It also drops language about consulting with the local assessor to determine land values, which is unnecessary because AS

38.05.840 requires a formal appraisal before the land can be offered for sale. (AS 38.05.057(a), plus repeal of (g).)

- Sec. 43 deletes the authority to make applicants appear in person at a homestead lottery. (AS 38.09.010(g).)

Secs. 17-19 would change how interest rates are computed for state land sale contracts.

- Secs. 17-18 would repeal the current system that relies on the old Federal Land Bank's "prevailing" rate. (The Federal Land Bank's successor now uses many different rate systems with multiple variables, rather than a single prevailing rate.) It would also change the point at which the rate is determined, solving the problem of the rate changing after the contract is mailed out for signature but before both parties have signed. (State land sale contracts are not signed in a face-to-face closing ceremony.) Sec. 17 would also let contracts for auction parcels be issued for less than 20 years, as already allowed for lottery parcels. (AS 38.05.065(a)-(b).)
- Sec. 19 would replace the old Federal Land Bank interest rate with a new system for state land sale contracts. Interest would be based on the prime rate, the widely quoted market rate used for a bank's most credit-worthy corporate loan customers. A four percent add-on would adjust for the unique circumstances of state land sale contracts, which do not involve any credit check. The total would be capped at 13.5 percent. The rate would be computed monthly and would apply to all contracts prepared that month. (AS 38.05.065(i).)

Sec. 20 corrects a 1984 error, restoring the original intent of the veterans' preference auction law. It clarifies that although that law does not apply to the lottery, homesite, or homestead programs, a veterans' preference auction must be held before restricted residential lots can be sold at auction to the general public. A combination of amendments in 1984 had made veterans' preference sales inapplicable to all subdivision sales. (AS 38.05.067(d).)

Sec. 21 would allow agricultural land to be sold at true market value by making it discretionary whether to grant a preference right to adjacent agricultural landowners. A mandatory preference right tends to depress competition or eliminate it altogether, while unaffected parcels are bid up beyond their appraised value. (AS 38.05.069(a).)

Sec. 22 updates the agricultural preference right law (see Sec. 21) by defining the term "adjacent," instead of "approximate vicinity." The latter was removed from the body of the law in 1984. (AS 38.05.069(e)(2).)

Sec. 23 updates programs exempt from the general standard that state land leases must be offered at auction. It removes a reference to remote cabin permits (repealed by Sec. 49 of this bill), and substitutes a reference to remote cabin site recreational leases (enacted by Sec. 36 of this bill).

Secs. 24-27 and 39, along with certain repealers in Sec. 49, would simplify the process of leasing "shore fishery" (set-net) sites and aquatic farmsites (shellfish and sea vegetable farms). They would repeal requirements that increase administrative costs or keep the state from obtaining a fair return for the use of tidelands and submerged lands.

- Sec. 24 would eliminate a unique leasing process for set-net sites, allowing standard state leasing laws to apply. Negotiated leases could be used up to the standard rental ceiling of \$5,000. Higher-value or contested leases could be awarded at auction, rather than making the director decide who is the "most qualified" applicant. (AS 38.05.082(b).)
- Sec. 25 would eliminate special provisions that prevent the state from obtaining fair market value rental for shore fishery leases. (AS 38.05.082(c).)
- Sec. 26 would amend AS 38.05.082(d), which currently lets the director offer existing lessees a preference right to a renewal lease when it is in the state's best interests. The new language specifies that the commissioner may renew existing leases under terms and conditions prescribed by the commissioner. (AS 38.05.082(d).)
- Sec. 27 would rewrite the aquatic farmsite law to let standard state leasing laws be used. Sites could be offered directly at auction or by negotiated lease, rather than first being developed under a three-year permit process. As with other types of land disposals and leases, public hearings on the leasing decision would be held as needed, but would not be mandatory. (AS 38.05.083, plus repealers of AS 38.05.855, AS 38.05.856, AS 38.05.946(b).)
- Sec. 39 would delete references in the public notice law to special aquatic farmsite permit procedures repealed by Sec. 49 of the bill: mandatory public hearings and preliminary findings before issuing permits. (AS 38.05.945(a)(5)-(6).)

Sec. 28 would modernize requirements to restore surface lease sites after lease termination, protecting the state against liability and high cleanup costs. Because other provisions of AS 38 apply this leasing statute to terminated homesites, homesteads, remote cabin sites, etc., special measures of the existing AS 38.05.090 would be retained to compensate individuals for authorized private residential improvements that are not removed from the site and are worth more than \$10,000 net value. (AS 38.05.090.)

Sec. 29 is a technical amendment narrowing a reference to the "Administration" article of AS 38.05, whose last section (a bonding requirement for the director of the statutory Alaska Division of Lands) would be repealed by Sec. 49 of this bill. (AS 38.05.131(a).)

Sec. 30 would eliminate overly broad language that theoretically allows the department to close state land to "mining," not just to "mineral location" (the act of staking new mining locations). A

valid mining claim includes the "exclusive right of ...extraction," i.e. mining rights. The department could not close off already-acquired mining rights without effecting a "taking" of valid existing rights, which would run afoul of Art. I, Sec. 18, and Art. VIII, Sec. 16, of the Alaska Constitution. This amendment would eliminate a potential pitfall. (AS 38.05.185(a).)

Sec. 31 would amend AS 38.05.190(a) to clarify the qualifications for ownership of mining rights by aliens and foreign corporations. Under the existing statute, an alien at least 18 years old from a country that grants "like privileges" to United States citizens may acquire or hold exploration and mining rights. A corporation in which more than 50 percent of the stock is owned or controlled by aliens whose country does not grant reciprocal rights to United States citizens may not acquire or hold exploration and mining rights. However, determinations of which countries grant "like privileges" to United States citizens have never been made or enforced in any consistent manner due to the number and complexity of mining laws worldwide. U.S. mining laws, upon which Alaska laws were initially based, allow an alien to form a domestic corporation that would be qualified to obtain mining rights, without inquiry into "like privileges." Amending AS 38.05.190(a) to delete these requirements would be consistent with modern business practices, similar federal laws, and state laws affecting other types of mineral rights. (AS 38.05.190(a).)

Sec. 32 would repeal and reenact AS 38.05.211(d) to simplify the adjustments to be made in the annual rental amounts due on mining claims and leases. The existing statute requires the rental amounts to be adjusted every 10 years based on changes in the consumer price index for Anchorage. This statutory adjustment is likely to yield odd rental amounts that would make calculating, accounting, and collection more difficult. Additionally, adjusting rental amounts only at 10-year intervals could result in large changes at one time, possibly causing hardships to mining locators and lessees. The amendment would require the department to check the consumer price index each year and adjust the rate if the adjustment is \$5 or more. Changes could only be made in \$5 increments. The amendment also more clearly identifies the consumer price index on which changes are to be based. (AS 38.05.211(d).)

Sec. 33 would authorize surface leases for certain mineral development uses. Surface use needs for small mines are generally modest enough to meet with a simple land use permit, protected by the underlying "exclusive right of possession and extraction of the [locatable] minerals" acquired by a valid mining location. However, most major mines require large-scale, costly surface improvements such as dams, mills, and tailings impoundments. The mineral developer needs long-term security of tenure to protect this investment, something that cannot be provided by a revocable permit. Surface leases for millsites, tailings disposal sites, and similar purposes would require reasonable annual rental. (AS 38.05.255.)

Sec. 34 would add a new subsection to clarify that mining developers' surface leases are not subject to competitive bidding statutes. Requiring the department to hold a lease auction would serve no purpose, as the mineral developer would be the only party in a position to bid for and use the lease. The department would be required to adopt regulations setting leasing procedures and annual rentals. (AS 38.05.255(b).)

Sec. 35 would eliminate the failure to file a lease application on time as grounds for abandonment of a mining location. In areas open to mining only under lease, a locator must apply for and obtain a lease before gaining the right to mine. AS 38.05.205(a). After the department gives public notice of the proposed mining lease, it must promptly mail an application to the leasehold locator, who then has 90 days to file the application. But under the existing AS 38.05.265, failing to file on time automatically causes "abandonment" (voiding) of the leasehold locations involved, too harsh a penalty for a late application. (AS 38.05.265.)

Sec. 36 would create a remote recreational cabin site lease/sale program for land disposals in remote, lightly populated areas. At any time during a total term of ten years, the lessee could purchase the site after getting it appraised and surveyed, just as in the former "open-to-entry" and "remote parcel" programs (repealed in 1979 and 1993 respectively). (AS 38.05.600.)

Sec. 37 would allow the department to convey "common areas" in state subdivisions to the subdivision's homeowners' association for retention and management. Many state subdivisions were platted with certain lots reserved from disposal to provide open space and recreation for subdivision residents. The intention was eventually to transfer these reserved lots to local government. But where there is no local government or it does not want to assume management responsibility, conveyance to the homeowners' association is a logical substitute. The department would be required to ensure that the conveyance serves a public purpose. (AS 38.05.810(a).)

Sec. 38 would clarify that the division can allow livestock grazing, commercial berry picking or mushroom harvesting, and similar minimal-value consumptive uses by issuing permits, an authority the Department of Law recently questioned. (AS 38.05.850(a).)

Sec. 39: See under Secs. 24-27.

Sec. 40 would raise the application fee for homesites from the current \$10 to a maximum of \$25, the same as for lottery parcels. (AS 38.08.030(b).)

Sec. 41 would add a cross-reference to the lottery process used to select the winner of a homesite entry permit (see Sec. 42). It would also require a token annual rental of \$100 until the permit holder "proves up" or purchases the lot. Because a homesite entry permit is a contract, the rental requirement would not apply to existing entry permits. (AS 38.08.040(a).)

Sec. 42 would add a new subsection directing that homesite entry permits be offered at lottery. Using the lottery procedures of AS 38.05.057 was formerly a statutory requirement, but a 1984 amendment left the connection unclear. The department would be required to adopt regulations as consistent as possible with AS 38.05.057. (AS 38.08.040(f).)

Sec. 43: See under Sec. 14-16.

Sec. 44 would raise the fee to receive a non-agricultural homestead entry permit to \$20 per acre. This is a one-time rental fee, lasting for the entry permit's five-year term. The rental fee for agricultural homesteads would remain at the current \$5 per acre. In addition, combined with repealers in Sec. 49 of the bill, it would eliminate staking and legal-description requirements that became obsolete in 1988. In that year, the homestead law was changed to require the department to do a cadastral survey before offering the parcels, instead of making the homesteader survey it five years later. (AS 38.09.030(a), plus repealers of AS 38.09.010(e), 38.09.020, 38.09.040(a)(2), 38.09.040(a)(4), AS 38.09.060, AS 38.09.070, and 38.09.900(1).)

Secs. 45-46, along with repealers in Sec. 49 of the bill, reduce and simplify the ways to get title to a homestead parcel. (Currently there are three methods. A homesteader can obtain the land for free by living on it and building a house, plus meeting clearing requirements applicable to agricultural homesteads only. Or he can buy the parcel at almost-current fair market value without building a house and living on it, if he applies within two years. Or he can buy the parcel at current fair market value without living on the parcel, if he builds a house and applies to purchase within five years.) The revised language in Sec. 45 eliminates the house-building requirement and the distinction between two-year and five-year purchase. Within five years the homesteader either "proves up" by living on the parcel for 25 months, or purchases the parcel at fair market value. (As with all state land sales, the purchaser may pay cash for the homestead, or enter into an installment contract under AS 38.05.065.) With either method, the homesteader must reimburse the state for survey and platting costs, and must meet agricultural clearing requirements if the land is classified agricultural. Sec. 46 is a conforming amendment eliminating a reference to a permanent dwelling. (AS 38.09.050(a)-(b), plus repealers of AS 38.09.040(a)(3), 38.09.090, 38.09.900(3), and 38.09.900(4).)

Sec. 47, along with repealers in Sec. 49 of the bill, affects both the remote parcel program and the homestead program. (The remote parcel law was repealed in 1983, effective in 1984, but the program will be alive until at least the year 2016. The last parcels were staked in 1984, and the last leases issued in 1985-1986. The lessees will have until 1996 or later to survey their parcels, and can then enter into 20-year purchase contracts.) This section would prohibit the department from imposing the conditions of the former AS 38.05.078(d) in new remote parcel purchase contracts. These conditions restricted the sale or subdivision of remote parcel land after it was conveyed into private ownership. It would also allow the department to amend existing remote parcel or homestead purchase contracts or patents to remove these restrictions if the holder consents and reimburses the state for the difference in value. (Each parcel's purchase price was cut by 50% to account for the resale restrictions.) (AS 38.09.105, plus repealers of AS 38.09.050(d)-(e).)

Sec. 48 transfers the homesite disclaimer language of AS 38.08.090 (to be repealed by Sec. 49 of this bill) to a general location applicable to all state land disposals: unless specifically provided, the state is not obligated to provide services to the grantee of a state land disposal. An additional disclaimer would make clear that the state is free to dispose of other land or resources in the future, without restrictions as to type, parcel density, etc.

Sec. 49:

- Repealers affecting the land disposal bank (AS 38.04.020) and down payments at land lotteries (AS 38.05.057(g)) are discussed under Secs. 2 and 16.
- Repealing AS 38.05.057(j) eliminates special lottery procedures for an agricultural project statute that was repealed in 1979.
- Repealing AS 38.05.035(e)(6)(F), AS 38.05.207, and AS 38.05.945(g) would eliminate the mining production license program, an early attempt to solve the "6(i) problem" (the Statehood Act's mineral leasing requirement) that became moot when AS 38.05.211-.212 were enacted in 1989.
- Repealing AS 38.05.040 would eliminate the requirement for a \$150,000 bond for the director of the statutory Division of Lands, which was subsequently reorganized and subdivided into several different divisions.
- Repealing AS 38.05.079 eliminates the remote cabin permit program, which provided for 25-year leases for cabin sites.
- Repealing AS 38.05.855, AS 38.05.856, and AS 38.05.946(b) eliminates requirements associated with aquatic farmsite permits; see Secs. 28 and 39.
- AS 38.08.090 is made unnecessary by Sec. 48, which broadens its language and expands it to other land disposals.
- Repealing 38.09.010(e), 38.09.020, 38.09.040(a)(2), 38.09.040(a)(4), AS 38.09.060, AS 38.09.070, and 38.09.900(1) eliminates requirements related to staking, flagging, brushing, and filing a legal description on a homestead; see Sec. 44. Repealing AS 38.09.040(a)(3), 38.09.090, 38.09.900(3), and 38.09.900(4) eliminates homestead dwelling requirements and the distinction between two- and five-year purchase; see Sec. 45. Repealing AS 38.09.050(d) and (e) would remove restrictions on selling or subdividing land after it has been conveyed to a homesteader; see related changes under Sec. 47.

Sec. 50 would authorize railroad, highway, and utility line rights-of-way within Chugach State Park necessitated by a Seward Highway relocation project at Bird Point (between Anchorage and Girdwood).

Sec. 51 would add a savings clause protecting homesite entry permits (and subsequent patents) granted by lottery after July 6, 1984. That was the effective date of an amendment that dropped a reference to the lottery statute, leaving no statutory guidance on how to issue homesite entry permits. See Sec. 42, which corrects the problem.

Sec. 52 would specify that the interest rate changes made by Secs. 17-19 of the bill apply to all contracts sent out to be signed after the bill's effective date.

Sec. 53 would ensure that changes made to AS 38.05.082 by Sec. 24 of the bill will continue in effect after 1997, when unrelated changes enacted in 1991 take effect.

Sec. 54 would allow the department to adopt regulations in advance of the bill's effective date, and includes a savings clause for the existing homesite disposal regulations until they can be changed.

Secs. 55-56 are effective date clauses; the regulation clause would take effect immediately, with the remainder of the bill effective July 1, 1995.

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. CSSSHB 191(FIN)

Revision Date: Original Dept Affected Natural Resources
 Title: "An Act relating to the management and BRU: Management and Administration
disposal of state land and resources; ..." Component: Information Resource Management
 Sponsor: Reps. Theriault, James and Brice
 Requestor: Senate Resources Component Serial No. 427

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES	65.0					
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	65.0	0.0	0.0	0.0	0.0	0.0
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	65.0					
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	65.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost: \$ 0.0

POSITIONS	FY97	FY98	FY99	FY00	FY01	FY02
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	1	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

HB191 revises the current land disposal program and adds a new Remote Cabin Site/Lease program. The Department of Natural Resources is responsible for tracking all resource activity on state land. The programs introduced in this bill require the department's current land record systems to be modified to track this new information. Modifications must be made in the Revenue and Billing System to track new lease rentals, homesite permit fees, and remote cabin site revenue. Modifications must be made in the Land Administration System to track the new programs, which requires setting up case types and transactions. And, modifications must be made in the Land Status GIS system to map the new activities on state status plats, the state's graphic land record maps of land ownership and resource activity. The costs for these modifications is \$18.0.

Section 4 changes the department's classification reporting requirement to the legislature. To accurately report total acres in selected classification categories, the department must enter all outstanding classification

Prepared by: Nico Bus, Acting Director Phone: 465-2406
 Division: Support Services Date: 28-Feb-96
 Approved by Commissioner: Nico Bus, Acting Director Date: 28-Feb-96
 Agency: Natural Resources

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Fiscal Note for CSSSHB 191 (FIN)

orders on the department's computer database, the Land Administration System, then develop a report that can be generated every other year. Once all the classifications have been entered, the department will maintain that information and the report will be automatically generated without additional labor costs. The one time cost to bring the department's records up to date and develop the report is \$47.0. Without this funding, the report must continue to be manually created by staff researching two years of classification orders, tallying the acres by classification, determining which classifications supersede previous classifications, and estimating the remaining acreage in each classification category. This information is then compiled with the historic classification report, which may or may not accurately account for the total acres in each classification category being requested. By using the computer to track the classification acres, the department will be able to report this information at a fraction of the cost it takes to do it manually.

FISCAL NOTE

STATE OF ALASKA

BILL NO. CSSSHB191(FIN)

1995 LEGISLATIVE SESSION

Revision Date: 2-May-95 Dept Affected: Natural Resources
 Title: An Act relating to the management and disposal of BRU: Resource Development
state land and resources; relating to certain remote parcels and ... Component: Land Development
 Sponsor: Representative Therriault
 Requestor: _____ Component Serial No. 431

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES (1005)	213.8	213.8	213.8	213.8	213.8	213.8

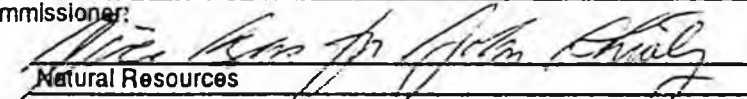
FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY95) cost: \$ None

POSITIONS	FY96	FY97	FY98	FY99	FY00	FY01
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

The changes proposed in this bill will generate more revenues for the State, with the current estimate at approximately \$213.8.

Prepared by: Ron Swanson, Director Phone: 762-2692
 Division: Land Date: 2-May-95
 Approved by Commissioner:  Date: May 2, 1995
 Agency: Natural Resources

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FISCAL NOTE

STATE OF ALASKA

BILL NO. SSHB191

1995 LEGISLATIVE SESSION

Revision Date: 22-Mar-95 Dept Affected: Natural Resources
 Title: An Act relating to the management and disposal of BRU: Resource Development
state land and resources; relating to certain remote parcels and ... Component: Land Development
 Sponsor: Representative Therriault
 Requestor: _____ Component Serial No. 431

Expenditures/Revenues		(Thousands of Dollars)				
OPERATING EXPENDITURES	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	25.0	25.0	25.0	25.0	25.0	25.0

FUND SOURCE		(Thousands of Dollars)				
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY95) cost: \$ None

POSITIONS						
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

The changes proposed in this bill will generate more revenues for the State. The conservative estimate is \$25.0, but the expectation is that the actual will be higher. See sectional analysis.

Prepared by: Ron Swanson, Director Phone: 762-2692
 Division: Land Date: 22-Mar-95
 Approved by Commissioner: [Signature] Date: 3-23-95
 Agency: Natural Resources

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Sectional Analysis of SSHB 191
(9-LS0766\C 3/15/95)

Secs. 1-25, 28-29, and 31-44 affect the Division of Land. Secs. 23 and 25-30 affect the Division of Mining and Water Management. Sec. 24 affects the Division of Oil and Gas. Sec. 41 affects the Division of Parks and Outdoor Recreation.

Secs. 1-9 are basic housekeeping:

- Secs. 1 and 2 would merge the old "land disposal bank" into the existing state land disposal program. Under laws passed in the last decade, regional land use plans are used to identify land that will be offered for private ownership. More than 2,000,000 acres have been classified through this process, making the land bank obsolete. Related references to the land disposal bank are repealed in Sec. 40. (AS 38.04.020(a)-(b), plus repealers of (c), (f), (j), and (k).)
- Sec. 3 would rewrite AS 38.04.020(d) to retain its substance--a biennial report to the legislature on the current inventory of state land available for disposal--without requiring a separate "land disposal bank." For efficiency, the report would be tailored to the way that inventory is catalogued: by its classification. Land suitable for most commercial, industrial, residential, and private recreational use is grouped together in the "settlement" classification, but is separate from the "agricultural" and "grazing" classifications. (AS 38.04.020(d).)
- Sec. 4 would put the state land disposal program on the same footing as other natural resource sale programs: whether to submit a budget request each year would be discretionary, not mandatory. But each budget proposal would be complete. It would request the full funding needed to get the land disposal projects ready for sale, including any access roads or other capital improvements that might be required. (AS 38.04.020(e).)
- Sec. 5 would make technical corrections, dropping an out-of-order classification reference: land must already be planned and classified for disposal before the surveying and platting process begins. (AS 38.04.020(g).)
- Sec. 6 would make clear that the five-acre limit on subdivision lots applies to land sold for residential and recreational uses, not agricultural parcels, commercial parcels, etc. This clarification is needed because under current law, any division of a tract for purposes of sale constitutes a subdivision. The amendment would also allow

larger lots if that would be a better marketing decision for the state. (AS 38.04.020(h).)

- Sec. 7 would update a list of state land disposal programs by adding the homestead law. (AS 38.04.020(i).)
- Sec. 8 would correct a missing item in the budget appropriation process, clarifying that the commissioner's disposal funding request must go to the governor first, not be sent straight to the legislature. (AS 38.04.021(a).)
- Sec. 9 would delete a cross-reference to an annual land demand study, repealed by this bill. (AS 38.04.021(b).)

Sec. 10 would let the Department of Natural Resources create new land disposal programs by regulation, so long as they provide for competition and produce at least fair market value for the land. (AS 38.04.030.)

Sec. 11 clarifies the legislature's policy that sales of public land to private individuals should be at fair market value unless specifically exempted, and gives further guidance on the remote cabin program. (AS 38.04.035.)

Secs. 12-14 and 37 respond to a Superior Court decision that it is unconstitutional to make state land purchasers appear in person at a state land sale.

- Sec. 12 would make it discretionary where to hold land auctions and lotteries. (AS 38.05.050.)
- Sec. 13 would delete the personal-appearance requirement for land auctions, allowing bidders to be represented by an agent. (AS 38.05.055.)
- Sec. 14, and a related repealer in Sec. 40, would delete the requirement that purchasers appear in person at land lotteries and pay the down payment on the spot. Instead, they would have 30 days to make the payment. It also drops language about consulting with the local assessor to determine land values, which is unnecessary because AS 38.05.840 requires a formal appraisal before the land can be offered for sale. (AS 38.05.057(a), plus repeal of (g).)
- Sec. 37 deletes the authority to make applicants appear in person at a homestead lottery. (AS 38.09.010(g).)

Secs. 15-17 would change how interest rates are computed for state land sale contracts.

- Secs. 15-16 would repeal the current system that relies on the old Federal Land Bank's "prevailing" rate. (The Federal Land Bank's successor now uses many different rate systems with multiple variables, rather than a single prevailing rate.) It would also change the point at which the rate is determined, solving the problem of the rate changing after the contract is mailed out for signature but before both parties have signed. (State land sale contracts are not signed in a face-to-face closing ceremony.) Sec. 15 would also let contracts for auction parcels be issued for less than 20 years. This is already allowed for lottery parcels. (AS 38.05.065(a)-(b).)
- Sec. 17 would replace the old Federal Land Bank interest rate with a new system for state land sale contracts. Interest would be based on the prime rate, the widely quoted market rate used for a bank's most credit-worthy corporate loan customers. A four percent add-on would adjust for the unique circumstances of state land sale contracts, which do not involve any credit check. The total would be capped at 13.5 percent. The rate would be computed monthly and would apply to all contracts prepared that month. (AS 38.05.065(i).)

Sec. 18 updates a law that allows a preference right to purchase "adjacent" agricultural land. It defines the term "adjacent" instead of "approximate vicinity," a term that was removed from the body of the law in 1984. (AS 38.05.069(e)(2).)

Secs. 19-21 and 33, along with certain repealers in Sec. 40, would simplify the process of leasing "shore fishery" (set-net) sites and aquatic farmsites (shellfish and sea vegetable farms). They would repeal requirements that increase administrative costs or keep the state from obtaining a fair return for the use of tidelands and submerged lands.

- Sec. 19 would eliminate a unique leasing process for set-net sites, allowing standard state leasing laws to apply. Negotiated leases could be used up to the standard rental ceiling of \$5,000. Higher-value or contested leases could be awarded at auction, rather than making the director decide who is the "most qualified" applicant. AS 38.05.082(d), which allows existing lessees to be given a preference to a renewal lease, would be left intact. (AS 38.05.082(b).)
- Sec. 20 would eliminate special provisions that prevent the state from obtaining fair market value rental for shore fishery leases. (AS 38.05.082(e).)
- Sec. 21 would rewrite the aquatic farmsite law to let standard state leasing laws be used. Sites could be

offered directly at auction or by negotiated lease, rather than first being developed under a three-year permit process. As with other types of land disposals and leases, public hearings on the leasing decision would be held as needed, but would not be mandatory. (AS 38.05.083, plus repealers of AS 38.05.855, AS 38.05.856, AS 38.05.946(b).)

- Sec. 33 would delete references in the public notice law to special aquatic farmsite permit procedures repealed by Sec. 40 of the bill: mandatory public hearings and preliminary findings before issuing permits.

Sec. 22 would modernize requirements to restore surface lease sites after lease termination, protecting the state against liability and high cleanup costs. Because other provisions of AS 38 apply this leasing statute to terminated homesites, homesteads, remote cabin permits, etc., special measures of the existing AS 38.05.090 would be retained to compensate individuals for authorized private residential improvements that are not removed from the site and are worth more than \$10,000 net value. (AS 38.05.090.)

Sec. 23 would amend a statute that requires mineral developers to make arrangements with the surface owner, before entering onto the land, to pay for any surface damages that might result. The exception would allow entry to stake the corners of a mining claim, leasehold location, or prospecting site location, an activity that has little or no potential to cause any surface damage. (AS 38.05.130.)

Sec. 24 is a technical amendment narrowing a reference to the "Administration" article of AS 38.05, whose last section (a bonding requirement for the director of the statutory Alaska Division of Lands) would be repealed by Sec. 40 of this bill. (AS 38.05.131(a).)

Sec. 25 would eliminate overly broad language that theoretically allows the department to close state land to "mining," not just to "mineral location" (the act of staking new mining locations). A valid mining claim includes the "exclusive right of ...extraction," i.e. mining rights. The department could not close off already-acquired mining rights without effecting a "taking" of valid existing rights, which would run afoul of Art. I, Sec. 18, and Art. VIII, Sec. 16, of the Alaska Constitution. This amendment would eliminate a potential pitfall. (AS 38.05.185(a).)

Sec. 26 would amend AS 38.05.190(a) to clarify the qualifications for ownership of mining rights by aliens and foreign corporations. Under the existing statute, an alien at least 18 years old from a country that grants "like privileges" to United

States citizens may acquire or hold exploration and mining rights. A corporation in which more than 50 percent of the stock is owned or controlled by aliens whose country does not grant reciprocal rights to United States citizens may not acquire or hold exploration and mining rights. However, determinations of which countries grant "like privileges" to United States citizens have never been made or enforced in any consistent manner due to the number and complexity of mining laws worldwide. U.S. mining laws, upon which Alaska laws were initially based, allow an alien to form a domestic corporation that would be qualified to obtain mining rights, without inquiry into "like privileges." Amending AS 38.05.190(a) to delete these requirements would be consistent with modern business practices, similar federal laws, and state laws affecting other types of mineral rights. (AS 38.05.190(a).)

Sec. 27 would repeal and reenact AS 38.05.211(d) to simplify the adjustments to be made in the annual rental amounts due on mining claims and leases. The existing statute requires the rental amounts to be adjusted every 10 years based on changes in the consumer price index for Anchorage. This statutory adjustment is likely to yield odd rental amounts that would make calculating, accounting, and collection more difficult. Additionally, adjusting rental amounts only at 10-year intervals could result in large changes at one time, possibly causing hardships to mining locators and lessees. The amendment would require the department to check the consumer price index each year and adjust the rate if the adjustment is \$5 or more. Changes could only be made in \$5 increments. The amendment also more clearly identifies the consumer price index on which changes are to be based. (AS 38.05.211(d).)

Sec. 28 would authorize surface leases for certain mineral development uses. Surface use needs for small mines are generally modest enough to meet with a simple land use permit, protected by the underlying "exclusive right of possession and extraction of the [locatable] minerals" acquired by a valid mining location. However, most major mines require large-scale, costly surface improvements such as dams, mills, and tailings impoundments. The mineral developer needs long-term security of tenure to protect this investment, something that cannot be provided by a revocable permit. Surface leases for millsites, tailings disposal sites, and similar purposes would require reasonable annual rental. (AS 38.05.255.)

Sec. 29 would add a new subsection to clarify that mining developers' surface leases are not subject to competitive bidding statutes. Requiring the department to hold a lease auction would serve no purpose, as the mineral developer would be the only party in a position to bid for and use the lease. The department would be required to adopt regulations setting leasing procedures and annual rentals. (AS 38.05.255(b).)

Sec. 30 would eliminate the failure to file a lease application on time as grounds for abandonment of a mining location. In areas open to mining only under lease, a locator must apply for and obtain a lease before gaining the right to mine. AS 38.05.205(a). After the department gives public notice of the proposed mining lease, it must promptly mail an application to the leasehold locator, who then has 90 days to file the application. But under the existing AS 38.05.265, failing to file on time automatically causes "abandonment" (voiding) of the leasehold locations involved, too harsh a penalty for a late application. (AS 38.05.265.)

Sec. 31 would allow the department to convey "common areas" in state subdivisions to the subdivision's homeowners' association for retention and management. Many state subdivisions were platted with certain lots reserved from disposal to provide open space and recreation for subdivision residents. The intention was eventually to transfer these reserved lots to local government. But where there is no local government or it does not want to assume management responsibility, conveyance to the homeowners' association is a logical substitute. The department would be required to ensure that the conveyance serves a public purpose. (AS 38.05.810(a).)

Sec. 32 would clarify that the division can allow livestock grazing, commercial berry picking or mushroom harvesting, and similar minimal-value consumptive uses by issuing permits, an authority the Department of Law recently questioned. (AS 38.05.850(a).)

Sec. 33: See under Sec. 21.

Sec. 34 would raise the application fee for homesites from the current \$10 to a maximum of \$25, the same as for lottery parcels. (AS 38.08.030(b).)

Sec. 35 would add a cross-reference to the lottery process used to select the winner of a homesite entry permit. It would also require a token annual rental of \$100 until the permit holder "proves up" or purchases the lot. Because a homesite entry permit is a contract, the rental requirement would not apply to existing entry permits. (AS 38.08.040(a).)

Sec. 36 would add a new subsection directing that homesite entry permits be offered at lottery. Using the lottery procedures of AS 38.05.057 was formerly a statutory requirement, but a 1984 amendment left the connection unclear. The department would be required to adopt regulations as consistent as possible with AS 38.05.057.

Sec. 37: See under Sec. 12.

Sec. 38 would raise the fee to receive a non-agricultural homestead entry permit to \$20 per acre. This is a one-time rental fee, lasting for the entry permit's five-year term. The rental fee for agricultural homesteads would remain at the current \$5 per acre. (AS 38.09.030(a).)

Sec. 39 affects both the remote parcel program and the homestead program. (The remote parcel law was repealed in 1983, effective in 1984, but the program will be alive until at least the year 2016. The last parcels were staked in 1984, and the last leases issued in 1985-1986. The lessees will have until 1996 or later to survey their parcels, and can then enter into 20-year purchase contracts.) This section would prohibit the department from imposing the conditions of the former AS 38.05.078(d) in new remote parcel purchase contracts. These conditions restricted the sale or subdivision of remote parcel land after it was conveyed into private ownership. It would also allow the department to amend existing remote parcel or homestead purchase contracts or patents to remove these restrictions if the holder consents and reimburses the state for the difference in value. (Each parcel's purchase price was cut by 50% to account for the resale restrictions.) (AS 38.09.105.)

Sec. 40's repealers affecting the land disposal bank (AS 38.04.020) and down payments at land lotteries (AS 38.05.057(g)) are discussed under Secs. 1 and 14. Repealing AS 38.05.057(j) eliminates special lottery procedures for an agricultural project statute that was repealed in 1979. Repealing AS 38.05.035(e)(6)(F), AS 38.05.207, and AS 38.05.945(g) would eliminate the mining production license program, an early attempt to solve the "6(i) problem" that became moot when AS 38.05.211-.212 were enacted in 1989. Repealing AS 38.05.040 would eliminate the requirement for a \$150,000 bond for the director of the statutory Division of Lands, which was subsequently reorganized and subdivided into several different divisions. Repealing AS 38.05.855, AS 38.05.856, and AS 38.05.946(b) eliminates requirements associated with aquatic farmsite permits; see Secs. 21 and 33. Repealing AS 38.09.050(d) and (e) would remove restrictions on selling or subdividing land after it has been conveyed to a homesteader; see related changes under Sec. 39.

Sec. 41 would authorize railroad, highway, and utility line rights-of-way within Chugach State Park necessitated by a Seward Highway relocation project at Bird Point (between Anchorage and Girdwood).

Sec. 42 would specify that the interest rate changes made by Secs. 15-17 of the bill apply to all contracts sent out to be signed after the bill's effective date.

Sec. 43 would ensure that changes made to AS 38.05.082 by Sec. 19 of the bill will continue in effect after 1997, when unrelated changes enacted in 1991 take effect.

Sec. 44 would allow the department to adopt regulations in advance of the bill's effective date, and includes a savings clause for the existing homesite disposal regulations until they can be changed.

Secs. 45-46 are effective date clauses; the regulation clause would take effect immediately, with the remainder of the bill effective July 1, 1995.

**SENATE COMMITTEE REF RT
First Committee of Referral**

DATE: 1/11/96

FURTHER Finance

DATE TURNED INTO OFFICE: 1-30-96

The Resources Committee considered CS SSB 191(FIN)

Management and disposal of state land and resources relating to certain remote parcel and homestead entry land purchase contracts and patents; etc.

and recommends:

- be replaced with SEN CS SSSHB 191 (RES)
- adopt previous CS _____
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:**
- same title
 - new title
- House Bill:**
- same title
 - technical title
 - new: SCR# _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>[Signature]</i>	<input checked="" type="checkbox"/>				
<i>Admin Taylor</i>	<input checked="" type="checkbox"/>	<i>Rick Halford</i>	<input checked="" type="checkbox"/>		
		<i>Keane</i>	<input checked="" type="checkbox"/>		
CHAIR: <i>Loren D. Lehman</i>	<input checked="" type="checkbox"/>				

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill