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ALASKA STATE LEGISLATURE



Sen. Robin Taylor, Chair
Sen. Druc Pearce, Vice Chair
Sen. Mike Miller
Sen. Sean Parnell
Sen. Johnny Ellis

State Capitol
Juneau, AK 99801-1182
(907) 465-3717
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Senate Judiciary Committee

SPONSOR STATEMENT

SENATE BILL 340

“Relating to the University of Alaska and university land, and authorizing the University to select additional state land.”

The provisions of SB 340 allow the University of Alaska to select 250,000 acres of state land subject to approval by the Legislature. Land approved for transfer would include interests in minerals and to oil and gas subject to certain limitations. Also lands subject to a coal lease or where a lease application is pending are not available for selection. The University would bear the costs of selection, platting, surveying and conveyance. All land selections must be made by December 31, 2012. Twenty percent (20%) of income derived from selected lands must be used at the campus closest to the income generating parcel(s). All lands conveyed under this program are exempted from municipal taxation. SB 340 is compatible with Senator Murkowski's S.660 the legislation, pending in Congress, that will convey additional public lands to the University of Alaska.

The University of Alaska system was created under federal authority as a land grant institution to provide for the higher education requirements of Alaska's people in perpetuity. Most colleges established under the land grant program were endowed with sizable land bases from which to generate income to be used for operating purposes. Unlike most institutions in the lower 48 states, the University of Alaska does not have the relatively larger population base and proximity to other support services that are so beneficial. The University of Alaska also suffers from a smaller pool of alumni and other normal sources of endowment income which many institutions rely on to help support operations, especially subsidies for teaching positions.

In the past decade several legislators have introduced legislation allowing the University of Alaska to select additional lands from the State. The purpose of all legislative attempts to provide more land for the University statewide system has been to provide more income producing assets where monetary resources are becoming scarcer and unpredictable. This bill continues the effort to give the University of Alaska a larger more productive land base. The bill also provides clear expectations that land conveyed is to be used for the development of value added industries where appropriate.

SENATE COMMITTEE REPORT

First Committee of Referral

DATE: 3/10/98

FURTHER: Finance

Date of 5-Day Notice: 4/23/98
(in accordance with Uniform Rule 23)

DATE TURNED IN TO OFFICE: 4/30/98

Resources Committee considered SENATE BILL NO. 340

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

and recommends:

- be replaced with _____ CS SB 340 (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>Adrian L. Taylor</i>	<input checked="" type="checkbox"/>	<i>Alan Johnson</i>	<input checked="" type="checkbox"/>		
<i>Donna A. Johnson</i>	<input checked="" type="checkbox"/>	<i>John A. ...</i>			<input checked="" type="checkbox"/>
CHAIR: <i>Rich Halford</i>	<input checked="" type="checkbox"/>	CHAIR:			

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal
<i>DNR - IRLM</i>	<i>4/29</i>		<i>40.0</i>
<i>DNR - LAND</i>	<i>4/29</i>		<i>779.0</i>
<i>UNIVERSITY</i>	<i>4/29</i>		<i>1523.0</i>

Apply to Bill + CS

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal
<i>DNR - IRLM</i>	<i>4/29</i>		<i>40.0</i>
<i>DNR - LAND</i>	<i>4/29</i>		<i>779.0</i>
<i>UNIVERSITY</i>	<i>4/29</i>		

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. SB340

Revision Date: _____ Dept Affected: Natural Resources
 Title: An Act relating to the University of Alaska and BRU: Management and Administration
university land, and authorizing the U of A to select addt. st. land. Component: Information Resource Management
 Sponsor: (S) Judiciary
 Requestor: (S) RES Component Serial No. 427

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY99	FY00	FY01	FY02	FY03	FY04
PERSONAL SERVICES	27.0	27.0	27.0	27.0	27.0	27.0
TRAVEL						
CONTRACTUAL	10.0	10.0	10.0	10.0	10.0	10.0
SUPPLIES	3.0	3.0	3.0	3.0	3.0	3.0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	40.0	40.0	40.0	40.0	40.0	40.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES (fund code)	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	40.0	40.0	40.0	40.0	40.0	40.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	40.0	40.0	40.0	40.0	40.0	40.0

Estimate of any current year (FY98) 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)

SB340 authorizes the University of Alaska to select 250,000 acres of state land for management and revenue generation by the University. The Land Records Information Section would require a total of \$40.0 annually. \$27.0 in personal services would include 2 months time for NRM I to develop new land LAS case types with the division of land staff, (first year), 4 months of on-going (annual) Analyst Programmer III support to assist with site location and analysis, 1 month on-going (annual) Cartographer II to post changes to the graphic record, and on-going (annual) centralized GIS support for the Division of Land and University Staff. In addition to personal services, \$10.0 is needed in contractual services for software technical support and licensing, and \$3.0 in cartographic and mapping supplies.

Prepared by: Richard McMahon Phone: 269-8833
 Division: Support Services Division, Land Records Information Section Date: 29-Apr-98
 Approved by Commissioner: [Signature] Date: 4-29-98
 Agency: Natural Resources

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. SB340

Revision Date: _____ Dept Affected: Natural Resources
 Title: An Act relating to the University of Alaska and BRU: Resource Development
university land, and authorizing the U of A to select addt. st. land. Component: Land Development
 Sponsor: (S) Judiciary
 Requestor: (S) RES Component Serial No. 431

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY99	FY00	FY01	FY02	FY03	FY04
PERSONAL SERVICES	139.7	157.7	157.7	157.7	157.7	157.7
TRAVEL	15.0	15.0	15.0	15.0	15.0	15.0
CONTRACTUAL	617.0	617.0	617.0	617.0	617.0	617.0
SUPPLIES	8.0	15.0	15.0	15.0	15.0	15.0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	779.7	804.7	804.7	804.7	804.7	804.7
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()						

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 GF	30.0	32.0	32.0	32.0	32.0	32.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
1007 I/A	749.0	772.7	772.7	772.7	772.7	772.7
TOTAL	779.0	804.7	804.7	804.7	804.7	804.7

Estimate of any current year (FY98) cost: \$ None

POSITIONS

FULL-TIME	3	3	3	3	3	3
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS:

(Attach a separate page if necessary)

This fiscal note is the minimum necessary for DNR to process land selections and conveyances to the University of Alaska. Most costs for the conveyance work will be paid for by the University of Alaska using Interagency Receipts, however, this money still must come from state funds.

For FY 99, staff will include 2 mos. of a Natural Resource Manager I, 12 mos. Natural Resource Officer (NRO) II, and 12 mos. NRO I who will help identify parcels for University selection, check land status and land records, prepare public notice, respond to public inquiries, negotiate with the University, and perform other tasks to prepare land lists. Includes 6 mos. for a Land Surveyor I to prepare survey instructions and contracts for survey. Large contractual expenditures reflect the cost to survey parcels, fiscal note assumes average parcel size will be 320 acres, about half (40 parcels) will require survey, average survey cost per parcel assumed to be \$15,000 (40x15,000=600,000).

FY 00 and following years include the above costs, plus costs to issue title documents.

* It is impossible to project the exact amount of revenue these conveyances will generate for the University, and will be lost to the state, without knowing exactly what lands will be transferred.

Prepared by: Jane Angvik /rm *[Signature]* Phone: 269-8503
 Division: Land Date: 29-Apr-98
 Approved by Commissioner: *[Signature]* Date: 4-29-98
 Agency: Natural Resources

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FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. SB 340

Revision Date (Note if correction) _____ Dept. Affected University of Alaska
 Title An Act relating to the University of Alaska and BRU University of Alaska
and university land; authorizing selection of additional land Component Statewide Services
 Sponsor Senate Judiciary
 Requester Senate Resources Component Serial No. #730

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0
TOTAL OPERATING	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0

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	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
University Receipts						
TOTAL	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0

Estimate of any current year (FY98) cost: none

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill provides for the selection and conveyance to the University of Alaska of 250,000 acres of land conveyed to the state under the Alaska Statehood Act. A list of land to be conveyed is to be presented to the legislature within 30 days of the beginning of each regular session, with each list to contain at least 25,000 acres. The bill also provides that the University of Alaska shall bear all costs of selection, platting, surveying and conveyance. This fiscal note assumes that the minimum 25,000 acreage will be platted and surveyed each year, at an estimated cost of \$1,500.0.

Prepared by Marylou Burton, Director Phone 474-6490
 Division UA Statewide Budget Office Date 4/28/98
 Approved by Cr. Marvieu Burton, Director *Marylou D. Burton* Date 4/28/98
 Agency UA Statewide Budget Office

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Cook

3/30/98

CS FOR SENATE BILL NO. 340()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTIETH LEGISLATURE - SECOND SESSION

BY

Offered:

Referred:

Sponsor(s): SENATE JUDICIARY COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the University of Alaska and university land, and authorizing
2 the University of Alaska to select additional state land."

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

4 * Section 1. FINDINGS AND PURPOSE. The legislature finds that

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

9 (2) under the Acts of March 4, 1915, 38 Stat. 1214, and January 21, 1929, 45
10 Stat. 1091, the Congress of the United States granted to the Territory of Alaska certain federal
11 land to be held in trust for the benefit of the predecessor of the University of Alaska;

12 (3) the Territory was unable to receive most of the land conveyed by the Act
13 of March 4, 1915, before repeal of that Act by Sec. 6(k) of the Alaska Statehood Act (P.L. 85-
14 508, 72 Stat. 339);

- 1 (4) the Congress of the United States granted the State of Alaska the right to
- 2 select 102,500,000 acres of federal land under Sec. 6(b) of the Alaska Statehood Act;
- 3 (5) the land selection rights embodied in the Alaska Statehood Act reflect in
- 4 part congressional recognition that the state would need the land to support its government and
- 5 programs, and the Congress assumed that the State of Alaska would in turn devote some of
- 6 the land or the income from it for the use and benefit of the University of Alaska;
- 7 (6) most land grant colleges in the western United States have obtained a larger
- 8 land grant from the federal government than the University of Alaska has received;
- 9 (7) an academically strong and financially secure state university system is a
- 10 cornerstone to the long-term development of a stable population and to a healthy, diverse
- 11 economy in the state;
- 12 (8) it is in the best interests of the state and the University of Alaska that the
- 13 university take ownership of a significant and substantial portfolio of income producing land
- 14 in order to provide income for the support of public higher education in the state; and
- 15 (9) renewable resources should be managed on a sustained yield basis, taking
- 16 into account the total land grant.

17 * Sec. 2. LEGISLATIVE INTENT. It is the intent of the legislature that the University
 18 of Alaska encourage the development of in-state value-added industries to the maximum extent
 19 feasible when developing land conveyed under AS 14.40.365.

20 * Sec. 3. AS 14.40.170(a) is amended to read:

- 21 (a) The Board of Regents shall
- 22 (1) appoint the president of the university by a majority vote of the
- 23 whole board, and the president may attend meetings of the board;
- 24 (2) fix the compensation of the president of the university, all heads of
- 25 departments, professors, teachers, instructors, and other officers;
- 26 (3) confer such appropriate degrees as it may determine and prescribe;
- 27 (4) have the care, control, and management of
- 28 (A) all the real and personal property of the university; and
- 29 (B) land
- 30 (i) conveyed to the Board of Regents by the
- 31 commissioner of natural resources in the settlement of the claim of the

1 University of Alaska to land granted to the state in accordance with the
2 Act of March 4, 1915 (38 Stat. 1214), as amended, and in accordance
3 with the Act of January 21, 1929 (45 Stat. 1091), as amended; and

4 (ii) selected by the University of Alaska and conveyed
5 to it by the commissioner of natural resources under AS 14.40.365,
6 except as provided in AS 14.40.368(2);

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

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

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

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

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

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

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

29 * Sec. 4. AS 14.40.291 is amended to read:

30 **Sec. 14.40.291. Land of the University of Alaska not public domain land.**

31 (a) Notwithstanding any other provision of law, university-grant land, state

1 replacement land that becomes university-grant land on conveyance to the university,
 2 land selected by and conveyed to the University of Alaska under AS 14.40.365, and
 3 any other land owned by the University of Alaska is not and may not be treated as
 4 state public domain land. Land conveyed to the University of Alaska under
 5 AS 14.40.365 shall be managed under AS 14.40.365 - 14.40.369 and policies of the
 6 Board of Regents of the University.

7 (b) Title to or interest in [TO] land described in (a) of this section may not
 8 be acquired by adverse possession, prescription, or in any other manner except by
 9 conveyance from the university.

10 (c) The land described in (a) of this section is subject to condemnation for
 11 public purpose in accordance with law.

12 * Sec. 5. AS 14.40 is amended by adding new sections to read:

13 **Sec. 14.40.365. University land from statehood act land selection**
 14 **conveyances.** (a) The University of Alaska may select and, except as provided in (m)
 15 of this section, is entitled to receive the conveyance of 250,000 acres of land conveyed
 16 to the state under Sec. 6(b) of the Alaska Statehood Act (P.L. 85-508, 72 Stat. 339).
 17 The Board of Regents of the University of Alaska and the commissioner of natural
 18 resources shall periodically and jointly submit to the legislature, within 30 days of the
 19 beginning of a regular legislative session, a list of land proposed to be conveyed by
 20 the state to the University of Alaska under this section. Each list must contain not less
 21 than 25,000 acres of land or the remaining entitlement under this subsection, whichever
 22 is less. The legislature may by law approve or disapprove the list. A list submitted
 23 shall be considered approved for conveyance to the University of Alaska if the
 24 legislature neither approves nor disapproves the list during the legislative session
 25 during which the list was submitted. Land may be included in the list only if it, on
 26 the date of its selection by the university,

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

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

29 (3) is not land

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

1 (B) leased under, or for which a lease application is pending
2 under, AS 38.05.180(d) or 38.05.150;

3 (4) is not subject to a possessory interest or encumbrance other than
4 (A) a lease that is not an oil or gas lease or a coal lease;
5 (B) a timber contract;
6 (C) a mining claim, a prospecting site, or a prospecting permit
7 on tide or submerged land;

8 (D) a sale of materials under AS 38.05.110 - 38.05.123;
9 (E) a land use permit or right-of-way issued by the Department
10 of Natural Resources under AS 38.05;

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

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

15 (b) Notwithstanding AS 38.05.125(a), the transfer of ownership and
16 management of land from the Department of Natural Resources to the Board of
17 Regents of the University of Alaska under this section includes the interest of the state
18 in

19 (1) the coal, ores, minerals, fissionable materials, geothermal resources,
20 and fossils that may be in or on the land; and

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

24 (c) When the University of Alaska selects the land to which it is entitled under
25 this section,

26 (1) selections must be made in parcels of 40 acres or larger unless the
27 commissioner of natural resources finds it is in the best interest of the state to convey
28 less; and

29 (2) unless the commissioner of natural resources determines under (e)
30 of this section that the land should not be included on the list of land submitted to the
31 legislature under (a) of this section, the commissioner of natural resources shall, upon

1 approval of the list submitted to the legislature or upon failure of the legislature during
2 the legislative session following submission of the list to disapprove the list, convey,
3 subject to divestiture under (m) of this section, a document of interim conveyance
4 under (j) of this section or a patent to land.

5 (d) Notwithstanding any other provision of law, on land selected by but not
6 yet patented to the University of Alaska or for which a document of interim
7 conveyance has not been issued to the University of Alaska under this section,

8 (1) the state is authorized to enter into contracts and grant leases,
9 licenses, prospecting sites, claims, permits, rights-of-way, or easements and any interim
10 conveyance or patent shall be subject to the contract, lease, license, prospecting site,
11 claim, permit, right-of-way, or easement, except that the authority granted the state by
12 this subsection

13 (A) is the authority that the state otherwise would have had
14 under existing laws and regulations had the land not been selected by the
15 University of Alaska; and

16 (B) may be exercised only if the University of Alaska has
17 concurred before the action is taken by the state;

18 (2) 90 percent of the proceeds derived from contracts, leases, licenses,
19 prospecting sites, claims, permits, rights-of-way, or easements, or from trespasses,
20 originating after the date of selection by the University of Alaska shall be held by the
21 state until the land has been conveyed by the patent or by a document of interim
22 conveyance; upon the issuance of a document of interim conveyance or a patent, the
23 state shall pay to the University of Alaska the proceeds allocable to the land that were
24 derived from the contracts, leases, licenses, prospecting sites, claims, permits, rights-of-
25 way, or easements, or from trespasses, and, subsequent to the issuance of a document
26 of interim conveyance or a patent, the University of Alaska shall receive 100 percent
27 of the proceeds derived from the contracts, leases, licenses, prospecting sites, claims,
28 permits, rights-of-way, or easements, or from trespasses;

29 (3) subject to AS 14.40.368, responsibility for management of contracts,
30 leases, licenses, prospecting sites, claims, permits, rights-of-way, or easements vests
31 with the University of Alaska upon issuance of a patent or a document of interim

1 conveyance.

2 (e) The commissioner of natural resources may not include on a list of land
3 submitted to the legislature under (a) of this section a land selection made by the
4 University of Alaska under this section if the commissioner determines that the
5 proposed selection

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

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

11 (B) the commissioner reasonably believes the land may be
12 selected by a municipality under AS 29.65, but the commissioner may not
13 withhold under this subparagraph the conveyance of title to land selected by the
14 university longer than three years after the date of the municipality's
15 incorporation;

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

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

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

23 (3) is not in the best interests of the state.

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

29 (g) In conveying land to the University of Alaska under this section, the
30 commissioner of natural resources shall give public notice that substantially complies
31 with notice requirements under AS 38.05.945(b) and (c) and provide for access under

1 AS 38.05.127, but other provisions of AS 38.04 and AS 38.05 do not apply.

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

3 (1) is subject to

4 (A) Sec. 6(i) of the Alaska Statehood Act (P.L. 85-508, 72 Stat.
5 339);

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

7 (C) AS 19.10.010;

8 (D) the payment requirements to the Alaska permanent fund
9 under AS 37.13.010(a) and (b); and

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

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

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

20 (i) The University of Alaska shall bear all costs of selection, platting,
21 surveying, and, except as provided in (k) of this section, conveyance of the land that
22 it selects under this section and, subject to appropriation, shall reimburse the
23 Department of Natural Resources for the reasonable costs incurred by that department
24 relating to that selection, platting, surveying, and conveyance. As to land due the
25 University of Alaska under (c) of this section,

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

28 (2) if the land is unsurveyed, the commissioner shall survey the exterior
29 boundaries of the land to be conveyed without interior subdivision and shall issue
30 patent in terms of the exterior boundary survey within one year of the later of the
31 effective date of the approval by the legislature of the list containing the land or the

1 adjournment of the legislative session during which the list containing the land was not
2 disapproved by the legislature.

3 (j) For land due the University of Alaska under (c) of this section that is
4 unsurveyed, pending the survey of exterior boundaries and issuance of patent, the
5 commissioner of natural resources shall, within one year of the later of the effective
6 date of the approval by the legislature of the list containing the land or the
7 adjournment of the legislative session during which the list containing the land was not
8 disapproved by the legislature, prepare and provide to the University of Alaska a
9 document of interim conveyance for the land to be conveyed.

10 (k) Except as provided in AS 14.40.368(2), management of land conveyed to
11 the University of Alaska by patent or by a document of interim conveyance vests with
12 the University of Alaska from the date of recording of the patent or document of
13 interim conveyance. The state shall pay the cost of recording all patents and
14 documents of interim conveyance.

15 (l) The University of Alaska may not make a land selection under this section
16 after December 31, 2012.

17 (m) When the commissioner of natural resources issues a document of interim
18 conveyance under (j) of this section or a patent for land selected and held by the
19 University of Alaska, the commissioner of natural resources shall retain the right to
20 reenter the land conveyed and recover title to it. The commissioner of natural
21 resources shall reenter and recover title

22 (1) if, on the 10th anniversary of the execution of the conveyance, the
23 commissioner finds that the University of Alaska is not actively managing the land to
24 provide income for the support of its education programs; however, if, at any time
25 during the 10-year period, litigation, including any appeal, has prevented the University
26 of Alaska from actively managing the land to provide income, the date on which the
27 commissioner of natural resources shall make the finding required by this paragraph
28 is extended by a period equal to the period attributable to the litigation during which
29 the University of Alaska was prevented from actively managing the land to provide
30 income; for purposes of this paragraph, "actively managing the land to provide
31 income" means that the University of Alaska is deriving revenue from the land

1 selection or has in place a development program to derive income from the land
2 selection; or

3 (2) if, before January 1, 2013, any land selected and conveyed to the
4 University of Alaska under this section is conveyed, except in an acre-for-acre land
5 exchange, directly by the University of Alaska or indirectly by third parties, to the
6 United States; the reentry and recovery of title under this paragraph terminates the
7 university's title or ownership interest in all land conveyed to it under this section and,
8 after the reentry and recovery of title, the University of Alaska may not make any
9 other land selections under this section.

10 **Sec. 14.40.366. Management and disposition of university land.** (a) The
11 Board of Regents shall, by policy, establish procedures for mineral entry or location
12 and mineral leasing on university land selections made under AS 14.40.365 that are
13 substantially similar to mineral entry, location, and leasing procedures for state land
14 under AS 38.05.185 - 38.05.275.

15 (b) Notwithstanding other provisions of law, the University of Alaska shall
16 seek public comment on proposals for development, exchange, or sale of university
17 selections made under AS 14.40.365. The Board of Regents shall adopt policies that
18 provide that the university shall prepare an annual plan for management and
19 disposition of university land under this section and shall, not less than 60 days before
20 scheduled approval by the Board of Regents of the plan,

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

23 (2) publish a notice in newspapers of general circulation in the state
24 that provides the public with information on the locations where the plan is available
25 for public inspection;

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

28 (4) seek public comment on the annual plan before action by the Board
29 of Regents approving the plan.

30 (c) Subject to appropriation of the income, the Board of Regents shall use at
31 least 20 percent of the income derived from the management of university land

1 selections made under AS 14.40.365 for the campus of the university that is located
2 closest to the land from which the income is derived.

3 **Sec. 14.40.368. Management and disposition of income from existing**
4 **encumbrances.** For the land selected by and conveyed to the University of Alaska
5 under AS 14.40.365 that is subject to a lease, contract, prospecting site, claim, sale,
6 permit, or right-of-way identified in AS 14.40.365(a)(4)

7 (1) the state is entitled to receive the income obtained from the lease,
8 contract, prospecting site, claim, sale, permit, or right-of-way for the duration of the
9 term of the lease, contract, prospecting site, claim, sale, permit, or right-of-way, and
10 during any renewal of it that is authorized by the lease, contract, prospecting site,
11 claim, sale, permit, or right-of-way, or by law;

12 (2) the responsibility for the management of the land vests with the
13 University of Alaska only upon conclusion of the term of the lease, contract,
14 prospecting site, claim, sale, permit, or right-of-way, and any renewal authorized by
15 the lease, contract, prospecting site, claim, sale, permit, or right-of-way, or by law.

16 **Sec. 14.40.369. Customary and traditional uses to be continued.** When land
17 selected by the University of Alaska under AS 14.40.365 has been conveyed to it,
18 before conveying or disposing of an interest in land to a third party, the University of
19 Alaska shall manage the land in a manner that permits customary and traditional uses
20 of the resources of that land to the maximum extent practicable.

21 * Sec. 6. AS 14.40.400(a) is amended to read:

22 (a) The Board of Regents shall establish a separate endowment trust fund in
23 which shall be held in trust in perpetuity all

24 (1) [ALL] net income derived from the sale or lease of the land granted
25 under the Act of Congress approved January 21, 1929, as amended; [AND]

26 (2) net income derived from the sale, lease, or management of the
27 land selected by and conveyed to the University of Alaska under AS 14.40.365;
28 and

29 (3) [ALL] monetary gifts, bequests, or endowments made to the
30 University of Alaska for the purpose of the fund.

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

- 1 (a) The following property is exempt from general taxation:
- 2 (1) municipal property, including property held by a public corporation
- 3 of a municipality, [OR] state property, property of the University of Alaska, or land
- 4 that is in the trust established by the Alaska Mental Health Enabling Act of 1956, P.L.
- 5 84-830, 70 Stat. 709, except that
- 6 (A) a private leasehold, contract, or other interest in the
- 7 property is taxable to the extent of the interest;
- 8 (B) notwithstanding any other provision of law, property
- 9 acquired by an agency, corporation, or other entity of the state through
- 10 foreclosure or deed in lieu of foreclosure and retained as an investment of a
- 11 state entity is taxable; this subparagraph does not apply to federal land granted
- 12 to the University of Alaska under AS 14.40.380 or 14.40.390, [OR] to other
- 13 land granted to the university by the state to replace land that had been granted
- 14 under AS 14.40.380 or 14.40.390, or to land conveyed by the state to the
- 15 university under AS 14.40.365;
- 16 (C) an ownership interest of a municipality in real property
- 17 located outside the municipality acquired after December 31, 1990, is taxable
- 18 by another municipality; however, a borough may not tax an interest in real
- 19 property located in the borough and owned by a city in that borough;
- 20 (2) household furniture and personal effects of members of a
- 21 household;
- 22 (3) property used exclusively for nonprofit religious, charitable,
- 23 cemetery, hospital, or educational purposes;
- 24 (4) property of a nonbusiness organization composed entirely of persons
- 25 with 90 days or more of active service in the armed forces of the United States whose
- 26 conditions of service and separation were other than dishonorable, or the property of
- 27 an auxiliary of that organization;
- 28 (5) money on deposit;
- 29 (6) the real property of certain residents of the state to the extent and
- 30 subject to the conditions provided in (e) of this section;
- 31 (7) real property or an interest in real property that is exempt from

1 taxation under 43 U.S.C. 1620(d), as amended;

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

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

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
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130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

March 26, 1998

SUBJECT: Sectional summary (SB 340)

TO: Senator Robin Taylor, Chair
Senate Judiciary Committee
Attn: Ralph Bennett

FROM: Tamara Brandt Cook
Director *ABC*

Sec. 1. Findings and purpose, including that the University of Alaska should own income producing land to provide income for the support of public higher education.

Sec. 2. Legislative intent that the University encourage the development of in-state value-added industries when developing the land conveyed to it.

Sec. 3. Technical amendment to add the land conveyed under this bill to the provision granting the Board of Regents the care, control, and management of other University land.

Sec. 4. Technical amendment to account for the land conveyed under this bill.

Sec. 5. Adds new section dealing with new land selections.

Sec. 14.40.365. Allows the University to select 250,000 acres of state land. A list of land proposed to be conveyed by the state shall be periodically submitted to the legislature and the legislature may approve or disapprove the list. Sets out requirements for the land that may be selected. The transfer of ownership of the land to the University includes the interest of the state in minerals and to oil and gas, but only as to land that is selected at least 5 years after the effective date of the bill. Describes the power of the state to manage the land selected but not yet conveyed. Lists types of land that may not be conveyed, including land the conveyance of which is determined by the Commissioner of Natural Resources not to be in the best interest of the state. The University bears costs of selection, platting, surveying, and conveying the land, except the state pays the cost of recording patents and documents of interim conveyance. The University must make all selections by December 31, 2012. Land reverts to the state if on the 10th anniversary of the conveyance the commissioner finds that the University is not actively managing the land to provide income.

Sec. 14.40.366. The Board of Regents must establish procedures for mineral leasing on the conveyed land that are substantially similar to state procedures. The board must

Senator Robin Taylor

March 26, 1998

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prepare an annual plan for the management of the land and seek public comment on the plan. At least 20 percent of the income derived from the management of selected land must be used at the campus that is closest to the land from which the income was derived.

Sec. 14.40.358. For land conveyed that is subject to certain types of agreements (leases, claims, permits, etc.), the state is entitled to receive the income, and the management of the land is turned over to the University only after the term of the agreement expires.

Sec. 14.40.369. Before conveying or disposing of an interest in selected land the University is required to manage the land in a manner that permits customary and traditional uses of resources to the maximum extent practicable.

Sec. 6. Includes income derived from the management of selected land in the endowment trust fund.

Sec. 7. Exempts from municipal taxation property of the University.

TBC:pl:jr

98-067.plm



APR 25 1998

ALASKA MINERS ASSOCIATION, INC.

3305 Arctic #202, Anchorage, Alaska 99503 FAX. (907) 563-9225 Telephone. (907) 563-9228

April 24, 1998

Honorable Rick Halford
Chairman, Senate Resources
Capitol Building
Juneau, AK 99801

RE: Senate Bill 340, University Lands

Dear Senator Halford,

Thank you for the opportunity to comment on Senate Bill 340 which proposes that the University of Alaska be allowed to select 250,000 acres of State land as a match to the same amount of land being obtained from the federal government

The Alaska Miners Association has been involved in this issue for many years. SB-340 addresses most of the concerns that we have had with past proposals of this type. Our concerns fall into four general categories. First, any UA selections must exclude any existing mining claims, upland leases, etc. Second, the selection process must be defined in a way that minimizes over-selections so it cannot be used to tie up large areas of land that will never actually become property of the University. Third, the process must be clear and straight forward to insure that future problems are not created. Fourth, the effective date for start of the selection process should not commence until an Act of Congress is passed and becomes law giving the University the right to select from the federal lands.

Even though most of our concerns have been addressed in SB-340, there are some changes that we feel are needed. I believe the sponsor's intent is to exclude any encumbered lands such as existing mining claims, leases, etc. but the list in Sec.5. under AS 14.40.365(a)(4)(C) should be expanded as follows:

(C) a mining claim, a prospecting site, an upland mining lease, a prospecting permit on tide or submerged land, a lease on tide or submerged land, or a coal lease.

Also, if land with such encumbrances is not available for selection, the new Sec. 14.40.368 is not needed. I.E. the lands with encumbrances cannot be selected, therefore there is no need for addressing the situation where there are revenues from such lands that may be transferred to the University.

Regarding the effective date - the effective date to begin selecting State-owned land should be contingent upon passage of an act in the Congress allowing selection of at least 250,000 acres and T.A. of that land to the University. This will provide an incentive and support to help get

the act through Congress. This will also help ensure that the focus on obtaining the federal land is maintained by the University and us supporters of the University. It will also allow the University to wait on the selection process until all the pieces are in place and it can gear up for the work without doing it piecemeal.

The mining industry is a very strong supporter of the University of Alaska and is especially supportive of the University obtaining 250,000 acres from the federal government that can provide income for the University.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Borell". The signature is fluid and cursive, with a large initial "S" and "B".

Steven C. Borell, P.E.
Executive Director

cc: Senator Robin Taylor
Wendy Redman



ALASKA CENTER *for the* ENVIRONMENT

519 West 8th Avenue, Suite 201 • Anchorage, Alaska 99501
(907) 274-3621 • fax: 274-8733

April 29, 1998

Senate Resources Committee
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801-1182

Re: SB 340

Dear Committee Members:

I apologize for the brevity of this letter, and for relying on a position paper which was prepared in response to an earlier university land grant bill, SB 250, and not the current one, SB 340 (SB 340 would dispose of 250,000, not 350,000 acres). We believe, however, that most if not all of the points in the enclosed paper are still directly relevant to the current legislation, and we wanted to get something to you before this afternoon's hearing.

We recommend that you not pass this bill out of committee. Both the university and the public would be better served, and there would be far fewer conflicts in the future, if the university were provided adequate funding through annual appropriations—which could perhaps be generated in part through the use in some fashion of the Permanent Fund, as we believe Senator Stevens has suggested.

Thank you for considering our concerns.

Sincerely,

Cliff Eames
Issues Director



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SB 250 DISPOSAL OF LAND TO THE UNIVERSITY

The Alaska Center for the Environment opposes SB 250, which would transfer to the University of Alaska 350,000 acres of yet to be identified multiple use public land to be used for the single purpose of generating the maximum amount of revenue for the university's operations.

**** ACE and other conservation organizations strongly support the university.** However, the university, like other important public institutions, facilities, programs, and services should continue to be funded through the normal annual appropriations process rather than further fragmenting Alaska's land ownership and management patterns. The university is no more entitled to a dedicated source of revenue than is any other state entity.

**** In fact, gratuitously transferring land to the university is probably illegal as a violation of the dedicated fund prohibition in the state constitution.** Even if it's not illegal, it runs counter to the wise policy adopted by our founding fathers. At the very least it creates a *de facto* dedicated fund or entitlement that effectively ties the hands of both the legislature and the general public during the appropriations process and in land management, and that forecloses funding and land management options for the future. Finally, it would seem to invite litigation that could threaten the mental health lands settlement that was finally achieved after nearly a decade of costly lawsuits and negotiations (although we believe the two situations can be distinguished).

**** That the university was established decades ago as a land grant university is irrelevant; the most sensible way to fund it and other public programs in 1995 and in the foreseeable future is through annual appropriations.**

**** Public lands should remain in general public ownership so that all Alaskans can continue to participate in decisions affecting their use.** SB 250 exempts the land transferred to the university from virtually all of the public participation and resource protection requirements of the Alaska Lands Act (AS 38.04 and 38.05). It negates years of good faith public participation in state land use planning that resulted in decisions to retain most lands for fish and wildlife habitat, public recreation and a host of other purposes (including development).

**** The lands will no longer be managed for multiple public uses, such as fishing, hunting, and other public recreation, and the protection of fish and wildlife habitat, water quality, and scenic beauty (as well as for direct revenue generating purposes), but for revenue generation only—which will generally be incompatible with those other uses and also with industries like tourism and commercial fishing.**

**** The university will select the best and most valuable land leaving the poorer land to the public.**

**** Political opposition is substantial, and will only increase as lands to be transferred are actually identified on the ground. Attempts to compensate the mental health lands trust with large amounts of public land (some sort of reasonable compensation was mandated by the court in that instance; the university land dispute has already been settled) generated opposition, both in and out of court, not only from conservationists but also from sport and commercial fishers, hunters, other recreationists, subsistence users, recreational cabin owners, local residents, lodge owners, air taxi operators, the Anchorage Hotel/Motel Association, the oil and coal industries, the Alaska Miners Association, and the Resource Development Council (as well as mental health advocates who recognized that managing land was likely to create more headaches than revenue, and that in any case any revenue that might be generated would almost certainly result in an equal reduction in their General Fund support).**

**** Access to public lands traditionally used for fishing, hunting, trapping and many other recreational purposes will be lost or restricted after their transfer.**

**** Development on public lands transferred to the university will conflict with existing uses of private lands by neighboring landowners.**

4/10/96