

SB

7

DNR - MARY RUTHERFORD

Senate Bill 7 testimony - 1/25/99

This bill, which is an appropriation of state lands and subsurface resources, and the revenues from them to the University of Alaska, is similar to bills passed by the legislature in 1995, 1996, and in 1959. Each time those bills have been vetoed; including the 1959 version which was vetoed by Governor Bill Egan. Therefore it will come as little surprise to you today that I am testifying in opposition to Senate Bill 7.

However, the message I wish to leave with you today has to do with how very difficult it will be for the Dept. of Natural Resources to carry out this conveyance, the complexity of identifying lands for conveyance, the complexity of managing all state lands until such a conveyance is complete, the impact to Alaska's development community while this 20 year (or longer) process is occurring, the serious impacts to existing municipalities who have outstanding municipal entitlements, the unknown impact to future municipalities that might incorporate, and, last but certainly not least, the interplay between this entitlement with the new School Trust Lands litigation, which has proposed a reconstitution of the school lands trust. I also want to ask you to seriously consider an alternative proposal that would bring to the state new revenues. not just redirect existing revenues.

While you are aware that the state owns tremendous acreage, only a very small amount of this land can produce revenue. As a direct result of the Mental Health Trust Litigation and Settlement processes, and efforts to convey municipal entitlement lands to existing Municipalities for their commercial, residential and industrial purposes, the state has found that there is minimal viably developable land. And, since the purpose of SB7 is to convey lands to the University for revenue generation purposes, it only follows that the University will select the most productive lands.

This will, in turn, make it extremely difficult for existing municipalities to fulfill their municipal land entitlements. The state currently owes existing munis over 600,000 acres of land. I hear, on a regular basis, from Mayors, and their municipal Planners and Managers, that there is a very limited amount of revenue-generating lands within the various municipal boundaries and they are frustrated identifying lands that can be used for their residential and economic development purposes. This is critical since these entitlement lands were designated as both an incentive for incorporation and as a means for these munis to support themselves through revenue generation. And, while this legislation protects existing selections, virtually all the municipalities have found it necessary to modify selections over time as they grow and evolve, their priorities change and land ownership patterns change. Obviously, this legislation will severely limit their abilities to modify and refine those selections.

Furthermore, about one-half of Alaska remains in the unorganized borough. A University entitlement will make it very difficult for future boroughs to receive any developable entitlement lands. This is a serious issue for the state, as the lack of good lands will remove one of the few remaining incentives for municipal incorporation, and should they

ever be required to incorporate this bill may ensure they have no good tax base with which to generate revenues to support themselves.

SB 7 also may negatively impact our development community. The bill will create tremendous uncertainty about land ownership as the University has given no indication as to what lands it will select. Furthermore, the process that will eventually be used by the University to evaluate development proposals for mining, oil and gas development, surface leasing, timber sales, land sales, and public use, are unknown and will be determined by the Board of Regents rather than the legislature, as is currently the process. I might also note here that SB 7 allows the University to select access corridors and Rights-of-Way that may be needed in the future for resource development projects. We believe these issues to be a concern to Alaska's development interests as we experienced very similar concerns during the Mental Health Lands litigation and settlement processes. And, that concern caused a cautious approach to their investment strategies in Alaska.

The bill will also reduce in-state timber processing. The University will likely select the most productive timber lands, thus reducing the state's timber base which is used to calculate the sustained yield and allowable harvest levels, which in-turn impacts our timber sale program. And, as a trust, the University manages its land for maximum revenue and, therefore, typically sells its timber for export. As a result, this bill will hinder the state's effort to establish timber sales that support local processing.

This bill allows the state's Oil & Gas properties to be selected unless they are already leased or proposed for leasing every year during the University's twenty year selection period. This bill does not protect from selection areas of interest under the new Oil & Gas Exploration Licensing Program. And, this is at a time when we are just beginning to experience interest in areas where heretofore there has been no industry interest in exploration.

SB 7 also essentially eliminates the state land disposal program for the next twenty years as the University will likely select most of the already subdivided state tracts which are the most suitable future land disposal areas.

In opening I mentioned a new and extremely significant complexity. During the legislative interim new litigation has been filed against the state with the allegation the state breached the trust of the School Trust Lands. This litigation has proposed reconstituting the School Lands Trust. SB 7 compounds the difficulty in resolving this litigation as the University will no doubt select lands that may be necessary if the state is required to reconstitute the School Land Trust.

I don't intend to spend much time on process issues today, except to say that the process of selecting and deciding what lands the University will receive will be contentious and time consuming. And it will pit the University and municipalities, and perhaps a School Land Trust, against each other in competition over DNR's services to transfer the land. It will also be extremely expensive to transfer 250,000 acres to the University. Our

conservative estimates are over \$1,500,000 per year for at least ten years. While the bill provides that these costs will be borne by the University, these are still state monies that could best be spent operating the University rather than transferring lands from one state agency to another.

Which brings me to my final point. Much of the states' revenues are produced from state land and subsurface resources. The University will select the most productive lands it can, within the boundaries of SB 7, thus removing them from management in the best interest of all Alaskans and decreasing revenues to the general fund. Currently you, the legislature, has the ability to direct general fund revenues to those public purposes you deem most important in a given year. Why should the legislature simply redirect the existing revenue stream and thereby limit your own discretion?

As you know, the Administration has historically supported increasing the university's land entitlement from the federal government. This support was premised upon the Governor's belief that the university did not receive a fair and equitable land entitlement from the federal government, when compared to the acreage transferred to other land grant institutions. This limited federal conveyance foreclosed the University's ability to generate revenues. However, the Governor has also stated that lands conveyed by the federal government to the state under the Alaska Statehood Act should be managed for the benefit of all Alaskans and not earmarked for a single agency.

But despite support for a federal land entitlement for the University, it appears there is little likelihood of such federal legislation being enacted into law. Given this reality, the Governor believes it is time to pursue a new initiative to assist the University. The recommendation, which you heard about in the Governor's State of the State speech last week, recommends seeking the enactment of legislation which would earmark a portion of the federal revenues (bonuses, rentals and royalties) from oil and gas development in the National Petroleum Reserve-Alaska (NPR-A) to fund the corpus of a university endowment. Interest from this endowment could then be used by the University to diversify its funding and serve as a financial foundation for excellence.

This proposal responds to the University's need for a new revenue stream, it doesn't dilute existing general fund revenues, it doesn't further segment nor complicate land management within the state, it and doesn't further terrify the development community.

In 1959, when Governor Egan vetoed the University Lands Bill, he said the bill was "wrong in principle, inconsistent with constitutional concepts and not in the public interest". I believe these sentiments remain accurate today.

Thank you for this opportunity to comment today and I'd like to note that DNR has twelve (12) specific amendments to propose if this bill moves forward. I have them available for your staff here at the LIO, or to read into the record, whichever you prefer.

SENATE COMMITTEE REPORT

First Committee of Referral

DATE: 1/19/99

FURTHER: Finance

Date of 5-Day Notice: 1/21/99
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 2/5/99

Resources Committee considered SENATE BILL NO. 7

"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 7 (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 <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>[Signature]</i>	✓	<i>[Signature]</i>			
<i>Robin L. Taylor</i>	✓	<i>[Signature]</i>			
<i>Linda Breen</i>	✓				
<i>Pete Kelly</i>	✓				
CHAIR:		CHAIR: <i>[Signature]</i>	x		

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

DNR	1/25		1,657.0
UNIV	1/22		1,627.0
ADP:LG	1/29		70.0
<i>To CS:</i> DNR	2/4		1,157.0
ADP:LG	2/4		76.0
UNIV	2/4		1,627.0

PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. CSSB 7 (Resources)

Revision Date: 3-Feb-99 Dept Affected Natural Resources
 Title: An Act relating to the U. of A. and univ. land, & BRU: Resource Development
authorizing the U. of A. to select additional state land. Component: Land Development
 Sponsor: Sen. Taylor, et al.
 Requestor: Sen Resources Component Serial No. 431

Expenditures/Revenues (inflation not included unless otherwise noted below) (Thousands of Dollars)

OPERATING EXPENDITURES	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005
PERSONAL SERVICES	142.0	161.0	161.0	161.0	161.0	161.0
TRAVEL	15.0	15.0	15.0	15.0	15.0	15.0
CONTRACTUAL	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	1,157.0	1,176.0	1,176.0	1,176.0	1,176.0	1,176.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (fund code)	see note					
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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						
1037 GF/Mental Health						
I/A (University)	1,127.0	1,144.0	1,144.0	1,144.0	1,144.0	1,144.0
TOTAL	1,157.0	1,176.0	1,176.0	1,176.0	1,176.0	1,176.0

Estimate of any current year (FY99) cost: \$ _____

POSITIONS

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

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. Costs could be higher depending on what lands are selected and the level of controversy relating to individual parcels. Most costs for the conveyance work will be paid for by the University using Interagency Receipts; however, this money still must come from state funds.

For FY 00, 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 [cont.]

Prepared by: Richard A LeFebvre, Acting Director Phone: 907-269-8503
 Division: Land Date: 4-Feb-99
 Approved by Commissioner: [Signature] Date: 2-5-99
 Agency: Natural Resources

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ANALYSIS [continued]:

contractual expenditures reflect the cost to survey parcels. FY 01 and following years include the above costs, plus costs to issue title documents.

* Note: It is impossible to project how much revenue these conveyances will generate for the University, and will be lost to the state, without knowing exactly what lands will be transferred. However, it can be assumed the University will select the most valuable parcels it can find. The effect is to divert a significant revenue stream out of the general fund, where it would have been available for those public purposes the Legislature deemed most important in a given year, into the hands of the Board of Regents for strictly university purposes. Also, by removing the most valuable parcels from the state's asset base, the bill reduces one of the most important incentives for local government to incorporate: the opportunity to select top-quality commercial, residential, and industrial land for municipal ownership under AS 29.65.

FISCAL NOTE

BILL NO. CS SB 7 (RES)

1999 LEGISLATIVE SESSION

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

Expenditures/Revenues

OPERATING EXPENDITURES	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services					
Travel					
Contractual	1,627.0	1,627.0	1,627.0	1,627.0	1,627.0
Supplies					
Equipment					
Land & Structures					
Grants & Claims					
Miscellaneous					
TOTAL OPERATING	1,627.0	1,627.0	1,627.0	1,627.0	1,627.0

CAPITAL EXPENDITURES					
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CHANGE IN REVENUES ()					
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FUND SOURCE

1002 Federal Receipts					
1003 GF Match					
1004 GF					
1005 GF/Program Receipts					
1037 GF/Mental Health					
1048 University Receipts	1,627.0	1,627.0	1,627.0	1,627.0	1,627.0
TOTAL	1,627.0	1,627.0	1,627.0	1,627.0	1,627.0

Estimate of any current year (FY99) 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 \$1,627. All costs will be paid from the university land grant trust fund as provided for in AS 14.40.400; related expenditures will also be reflected in the university's annual operating budget as university receipts.

Prepared by	<u>Pat Pitney, Director</u>	Phone	<u>474-5889</u>
Division	<u>UA Budget and Institutional Research</u>	Date	<u>2/4/99</u>
Approved by	<u>Pat Pitney, Director</u>	Date	<u>2/4/99</u>
Agency	<u>University of Alaska</u>		

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FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. CSSB 7

Revision Date/Time (Note if correction) _____ Dept. Affected ADF&G
 Title University lands bill BRU Habitat and Restoration
 Component Habitat
 Sponsor Senator Taylor
 Requester Senate Resources Component Serial No. 486

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services	64.5	64.5	64.5	64.5	64.5	64.5
Travel	3.5	3.5	3.5	3.5	3.5	3.5
Contractual	1.5	1.5	1.5	1.5	1.5	1.5
Supplies	0.5	0.5	0.5	0.5	0.5	0.5
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	70.0	70.0	70.0	70.0	70.0	70.0
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	70.0	70.0	70.0	70.0	70.0	70.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	70.0	70.0	70.0	70.0	70.0	70.0

Estimate of any current year (FY99) cost: _____

POSITIONS

Full-time	1	1	1	1	1	1
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The Habitat and Restoration Division would require one additional Habitat Biologist III position to conduct the statewide reviews of the proposed land selections to provide input to DNR as to whether or not the conveyance of specific parcels out of the public domain was in the best interest of the state given the value of the public trust fish and wildlife resources produced on those parcels. Assumptions:

- 1) many University selections will be in remote locations requiring travel from ADF&G offices;
- 2) between 25,000 and 62,500 acres would need review by ADF&G each year; and
- 3) field reviews would only be affordable for those parcels thought to be of highest value for the continued production of fish and wildlife important for commercial and sport fishing, hunting, subsistence, and /or tourism.

Prepared by Janet Kowalski *JK* Phone 465-4105
 Division Habitat and Restoration Date/Time 02/04/99
 Approved by Commissioner Frank Rue Date _____
 Agency Fish and Game

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Luckhaupt ✓
2/3/99

CS FOR SENATE BILL NO. 7()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): SENATORS TAYLOR, Tim Kelly, Donley, Wilken, Leman

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

19 (1) receive land under this Act in an expeditious fashion; and

20 (2) encourage the development of in-state value-added industries to the
21 maximum extent feasible when developing land conveyed under AS 14.40.365.

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

23 (a) The Board of Regents shall

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

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

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

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

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

31 (B) land

1 (i) conveyed to the Board of Regents by the
2 commissioner of natural resources in the settlement of the claim of the
3 University of Alaska to land granted to the state in accordance with the
4 Act of March 4, 1915 (38 Stat. 1214), as amended, and in accordance
5 with the Act of January 21, 1929 (45 Stat. 1091), as amended; and

6 (ii) selected by the University of Alaska and conveyed
7 to it by the commissioner of natural resources under AS 14.40.365,
8 except as provided in AS 14.40.368(3);

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

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

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

17 (8) provide public notice of sales, leases, exchanges, and transfers of
18 the land of the university or of interests in land of the university.

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

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

21 (a) Notwithstanding any other provision of law, university-grant land, state
22 replacement land that becomes university-grant land on conveyance to the university,
23 land selected by and conveyed to the University of Alaska under AS 14.40.365, and
24 any other land owned by the University of Alaska is not and may not be treated as
25 state public domain land. Land conveyed to the University of Alaska under
26 AS 14.40.365 shall be managed under AS 14.40.365 - 14.40.368 and policies of the
27 Board of Regents of the University of Alaska.

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

31 (c) The land described in (a) of this section is subject to condemnation for

1 public purpose in accordance with law.

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

3 **Sec. 14.40.365. University land from Statehood Act land selection**
4 **conveyances.** (a) The University of Alaska may select and is entitled to receive the
5 conveyance of not less than 250,000 and not more than 260,000 acres of land
6 conveyed to the state under Sec. 6(b) of the Alaska Statehood Act (P.L. 85-508, 72
7 Stat. 339). The Board of Regents of the University of Alaska shall annually submit
8 a list of selections to the commissioner of natural resources. If there is disagreement
9 between the university and the commissioner of natural resources about the land
10 selected, the disagreement must be submitted to the governor, who shall make the final
11 decision. The Board of Regents and the governor shall annually and jointly submit to
12 the legislature, within 30 days of the beginning of a regular legislative session, a list
13 of the selections of land proposed to be conveyed by the state to the University of
14 Alaska under this section. Each list must contain not more than 25 percent of the total
15 acres of land to which the university is entitled after subtracting previous conveyances
16 under this section, but not less than 25,000 acres or the remaining entitlement under
17 this section, whichever is less. The legislature may by law approve or disapprove the
18 list of selections submitted to it. A list of selections submitted shall be considered
19 approved for conveyance to the University of Alaska if the legislature does not
20 disapprove the list during the legislative session during which the list was submitted.
21 If the amount of land to be conveyed exceeds the balance due the university under this
22 section, the university shall set out the land to be conveyed in priority order. Land
23 may not be selected if, on the date of its selection by the university, it

24 (1) has been reserved by law from the public domain;

25 (2) is land

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

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

30 (3) is subject to

31 (A) an oil, gas, or coal lease, or coal prospecting permit;

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(B) a mining claim, a prospecting site, an upland mining lease, or a mining leasehold location;

(4) is necessary to carry out the purpose of an interagency land management agreement; or

(5) is subject to conveyance under a land exchange or land settlement agreement.

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

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

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

(c) When the University of Alaska selects the land to which it is entitled under this section, selections must be made in parcels of 640 acres or larger unless the selection is an isolated tract or the commissioner of natural resources finds it is in the best interest of the state to convey less. When the University of Alaska becomes entitled to land under this section, the commissioner of natural resources shall convey a document of interim conveyance under (j) of this section or a patent to land.

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

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

(A) is the authority that the state otherwise would have had

1 under existing laws and regulations had the land not been selected by the
2 University of Alaska; and

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

5 (2) income from and management of the land is subject to
6 AS 14.40.368.

7 (e) Unless the governor provides otherwise under (a) of this section, the
8 governor may not include on a list of selections of land submitted to the legislature a
9 land selection made by the University of Alaska under this section if the commissioner
10 of natural resources determines that the proposed selection

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

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

16 (B) the commissioner reasonably believes the land may be
17 selected by a municipality under AS 29.65, but the commissioner may not
18 withhold under this subparagraph the conveyance of title to land selected by the
19 university longer than three years after the date of the municipality's
20 incorporation; or

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

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

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

28 (f) When land is conveyed to the University of Alaska under this section, the
29 University of Alaska takes the land subject to any possessory interest held by another
30 person on the effective date of the conveyance.

31 (g) In conveying land to the University of Alaska under this section, the

1 commissioner of natural resources shall give public notice that substantially complies
2 with notice requirements under AS 38.05.945(b) and (c) and provide for access under
3 AS 38.05.127, but other provisions of AS 38.04 and AS 38.05 do not apply.

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

5 (1) is subject to

6 (A) Sec. 6(i) of the Alaska Statehood Act (P.L. 85-508, 72 Stat.
7 339);

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

9 (C) AS 19.10.010;

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

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

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

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

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

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

30 (2) if the land is unsurveyed, the commissioner shall survey the exterior
31 boundaries of the land to be conveyed without interior subdivision and shall issue

1 patent in terms of the exterior boundary survey within one year of the later of the
2 effective date of the approval by the legislature of the list containing the land or the
3 adjournment of the legislative session during which the list containing the land was not
4 disapproved by the legislature.

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

12 (k) Except as provided in AS 14.40.368(3), management of land conveyed to
13 the University of Alaska by patent or by a document of interim conveyance vests with
14 the University of Alaska from the date of recording of the patent or document of
15 interim conveyance. The state shall pay the cost of recording all patents and
16 documents of interim conveyance.

17 (l) The University of Alaska may not make a land selection under this section
18 after December 31, 2020.

19 **Sec. 14.40.366. Management requirements for university land.** (a) The
20 Board of Regents shall, by policy, establish procedures for mineral entry or location
21 and mineral leasing on university land selections made under AS 14.40.365 that are
22 substantially similar to mineral entry, location, and leasing procedures for state land
23 under AS 38.05.185 - 38.05.275.

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

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

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

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

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

8 (c) Subject to appropriation of the income, the Board of Regents shall use an
9 amount up to 20 percent of the earnings derived from the management of university
10 land conveyed to the university under AS 14.40.365 for programs and services
11 supporting the development of natural resources within the region from which the
12 earnings were derived. The earnings shall be used by the campus or campuses located
13 within the region from which the earnings were derived if a municipality within which
14 the campus or campuses are located provides to the campus or campuses a match of
15 the same amount. This subsection does not apply if the match is not made available
16 by a municipality.

17 **Sec. 14.40.367. Confidential records.** Notwithstanding AS 09.25.100 -
18 09.25.220, on a determination that it is in the best interest of the University of Alaska
19 or on the request of the person who has provided the information, the president of the
20 university may keep the following confidential:

21 (1) the name of a person applying for the sale, lease, or other disposal
22 of university land or an interest in university land;

23 (2) before the issuance of a notice of intent to award a contract relating
24 to a sale, lease or disposal of university land or an interest in university land, the
25 names of the participants and the terms of their offers;

26 (3) all geological, geophysical, engineering, architectural, sales,
27 appraisal, gross receipts, net receipts, or other financial information relating to
28 university land or an interest in university land and considered for or offered for
29 disposal or currently subject to a contract;

30 (4) cost data and financial information submitted by an applicant in
31 support of applications for bonds, leases, or other information in offerings and ongoing

1 operations relating to management of university land;

2 (5) applications for rights-of-way or easements across university land;
3 and

4 (6) requests for information about or applications by public agencies
5 for university land that is being considered for use for a public purpose.

6 **Sec. 14.40.368. Land subject to encumbrances and trespasses.** Except as
7 provided in AS 14.40.365(b), for the land selected by the University of Alaska under
8 AS 14.40.365 that is subject to a lease, license, contract, prospecting site, claim, sale,
9 permit, right-of-way, or easement, or to trespass,

10 (1) the state is entitled to receive the income obtained from the lease,
11 license, contract, prospecting site, claim, sale, permit, right-of-way, or easement, or
12 from trespass,

13 (A) for the duration of the term of the lease, license, contract,
14 prospecting site, claim, sale, permit, right-of-way, or easement, or from
15 trespass, and during any renewal of it that is authorized by the lease, license,
16 contract, prospecting site, claim, sale, permit, right-of-way, or easement, or by
17 law, if the lease, license, contract, prospecting site, claim, sale, permit, right-of-
18 way, or easement existed before the selection of the land by the University of
19 Alaska;

20 (B) until the recorder of the conveyance to the University of
21 Alaska by the issuance of a document of interim conveyance or a patent;

22 (2) the University of Alaska is entitled to receive the income obtained
23 from the lease, license, contract, prospecting site, claim, sale, permit, right-of-way, or
24 easement, or from trespass, in situations not described in (1) of this section;

25 (3) the responsibility for the management of the land vests with the
26 University of Alaska only upon conclusion of the term of the lease, license, contract,
27 prospecting site, claim, sale, permit, right-of-way, or easement, and any renewal
28 authorized by the lease, license, contract, prospecting site, claim, sale, permit, right-of-
29 way, or easement, or by law, if the lease, license, contract, prospecting site, claim,
30 sale, permit, right-of-way, or easement existed before the land's being selected by the
31 university; if the lease, license, contract, prospecting site, claim, sale, permit, right-of-

1 way, or easement was entered into after selection, then the responsibility for
2 management rests with the university on the date of recording of the conveyance of
3 the land to the university by a document of interim conveyance or patent.

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

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

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

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

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

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

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

16 (1) municipal property, including property held by a public corporation
17 of a municipality, [OR] state property, property of the University of Alaska, or land
18 that is in the trust established by the Alaska Mental Health Enabling Act of 1956, P.L.
19 84-830, 70 Stat. 709, except that

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

22 (B) notwithstanding any other provision of law, property
23 acquired by an agency, corporation, or other entity of the state through
24 foreclosure or deed in lieu of foreclosure and retained as an investment of a
25 state entity is taxable; this subparagraph does not apply to federal land granted
26 to the University of Alaska under AS 14.40.380 or 14.40.390, [OR] to other
27 land granted to the university by the state to replace land that had been granted
28 under AS 14.40.380 or 14.40.390, or to land conveyed by the state to the
29 university under AS 14.40.365;

30 (C) an ownership interest of a municipality in real property
31 located outside the municipality acquired after December 31, 1990, is taxable

- 1 by another municipality; however, a borough may not tax an interest in real
2 property located in the borough and owned by a city in that borough;
- 3 (2) household furniture and personal effects of members of a
4 household;
- 5 (3) property used exclusively for nonprofit religious, charitable,
6 cemetery, hospital, or educational purposes;
- 7 (4) property of a nonbusiness organization composed entirely of persons
8 with 90 days or more of active service in the armed forces of the United States whose
9 conditions of service and separation were other than dishonorable, or the property of
10 an auxiliary of that organization;
- 11 (5) money on deposit;
- 12 (6) the real property of certain residents of the state to the extent and
13 subject to the conditions provided in (e) of this section;
- 14 (7) real property or an interest in real property that is exempt from
15 taxation under 43 U.S.C. 1620(d), as amended;
- 16 (8) property of a political subdivision, agency, corporation, or other
17 entity of the United States to the extent required by federal law; except that a private
18 leasehold, contract, or other interest in the property is taxable to the extent of that
19 interest;
- 20 (9) natural resources in place including coal, ore bodies, mineral
21 deposits, and other proven and unproven deposits of valuable materials laid down by
22 natural processes, unharvested aquatic plants and animals, and timber.

(S) Resources Cmte**ALASKA CENTER for the ENVIRONMENT**

519 West 8th Avenue, Suite 201 • Anchorage, Alaska 99501
(907) 274-3621 • fax: 274-8733 • e-mail: akcenter@alaska.net

February 1, 1999

Senate Resources Committee
Alaska State Legislature
State Capitol (MS 3101)
Juneau, AK 99801-1182

Re: SB 7 - University Land Disposal Bill

Dear Committee Member:

Although we are strong supporters of education in general, and of the University of Alaska in particular, we do not believe that SB 7 is sound public policy. Especially when Alaska is facing a budget shortfall that could go as high as \$1 billion, we should retain our possible funding sources to help meet a wide variety of important state needs rather than eliminate options by permanently dedicating resources to a single purpose. SB 7:

- * is probably unconstitutional
- * if not actually unconstitutional, violates the important public policy behind the dedicated fund prohibition, eliminating options for the future use of revenues
- * nullifies years of hard work and good faith public participation in land use planning
- * reduces local control by depriving nearby communities and the public of any significant role in the future management of the lands transferred to the university
- * reduces or eliminates long-standing public uses of the lands
- * creates conflicts for rural residents, remote cabin owners, and recreationists
- * allows the university to select the best remaining undesignated lands, leaving the poorer lands for the public
- * "Son of mental health lands," this controversial legislation would be a lightning rod for litigation.

Enclosed is a more detailed position paper. Thank you for your consideration of these materials.

Sincerely,

Cliff Eames
Issues Director



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SB 7. DISPOSAL OF LAND TO THE UNIVERSITY

The Alaska Center for the Environment opposes SB 7, which would transfer to the University of Alaska 250,000 acres of 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—a process which allows us to adapt to changing conditions and needs—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 (although putting a portion of our savings account to work as an endowment could perhaps be explored).

**** 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.

**** These fiscal responsibility issues are especially important when Alaska is facing such a huge budget shortfall (estimated to be about \$1 billion).** We need to retain all possible funding sources to meet a wide variety of important general fund needs, not hamstringing ourselves and limit our options by disposing of public lands that might be able to generate revenue to help meet these needs.

**** That the university was established decades ago as a land grant university is irrelevant.** The question we should be asking is: what is the most sensible way to fund it and other public programs in 1999 and in the foreseeable future? We believe the answer is: with annual appropriations.

**** Public lands should remain in general public ownership so that nearby communities, and all Alaskans, can continue to participate in decisions affecting their use.** SB 7 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, and many resource developers (as well as mental health advocates who recognized that managing land was likely to create more headaches and blemishes on their reputation 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).**

**** The use of public lands 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, and communities will lose the ability to influence the management of nearby lands.**

2/1/99

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. SB 7

Revision Date/Time (Note if correction) _____ Dept. Affected ADF&G
 Title University lands bill BRU Habitat and Restoration
 Component Habitat
 Sponsor Senator Taylor
 Requester Senate Resources Component Serial No. 486

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services	64.5	64.5	64.5	64.5	64.5	64.5
Travel	3.5	3.5	3.5	3.5	3.5	3.5
Contractual	1.5	1.5	1.5	1.5	1.5	1.5
Supplies	0.5	0.5	0.5	0.5	0.5	0.5
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	70.0	70.0	70.0	70.0	70.0	70.0

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	70.0	70.0	70.0	70.0	70.0	70.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	70.0	70.0	70.0	70.0	70.0	70.0

Estimate of any current year (FY99) cost: _____

POSITIONS

Full-time	1	1	1	1	1	1
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The Habitat and Restoration Division would require one additional Habitat Biologist III position to conduct the statewide reviews of the proposed land selections to provide input to DNR as to whether or not the conveyance of specific parcels out of the public domain was in the best interest of the state given the value of the public trust fish and wildlife resources produced on those parcels. Assumptions:

- 1) many University selections will be in remote locations requiring travel from ADF&G offices;
- 2) between 25,000 and 62,500 acres would need review by ADF&G each year; and
- 3) field reviews would only be affordable for those parcels thought to be of highest value for the continued production of fish and wildlife important for commercial and sport fishing, hunting, subsistence, and /or tourism.

Prepared by Janet Kowalski Phone 465-4105
 Division Habitat and Restoration Date/Time 01/29/99
 Approved by Commissioner Frank Rue Date 1/29/99
 Agency Fish and Game

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DNK SB + AMENDMENTS

PER SEN. HALFORD'S REQUEST

BACKGROUND/LEGISLATIVE INTENT

ANALYSIS OF BILL/PROGRAM EFFECTS

AMENDMENTS PROPOSED continued

Post-it* Fax Note	7671	Date	1/25/99	# of pages	▶
To	SEN. HALFORD		From	DICK MYLIUS	
Co./Dept.			Co.	DIV. of LAND	
Phone #			Phone #		
Fax #			Fax #		

Section 5, new AS 14.40.365(a) needs to include a limit on University selections so that the University does not tie up considerably more land than it is entitled to; selections should be restricted to no more than 25% of remaining entitlement.

Section 5, new AS 14.40.365(a)(3)(A). change coal prospecting lease to coal prospecting permit; there is no such thing as a coal prospecting lease under AS 38.05.

Section 5, new AS 14.40.365(a)(3)(B). Add to the exemptions "a mining leasehold location".

Section 5, new AS 14.40.365(c)(1) - minimum parcel size should be greater than 40 acres to increase efficiency of land management and to reduce the costs of land transfers (surveys). We suggest a minimum of 640 acres, with smaller parcels allowed where the University is selecting an isolated tract of state land.

Section 5, new AS 14.40.365(c)(2) and elsewhere - the legislation uses the terms "interim conveyed" for lands approved but not yet surveyed. Because this term has a particular (and different) legal meaning under the Alaska Native Claims Settlement Act, we suggest the legislation use a different term to avoid confusion.

Section 5, new AS 14.40.365(d)(2) needs to be amended to make it clear that the 90 percent escrow account does not start until the land has been approved for transfer to the university.

Section 5, new AS 14.40.365(f) and Section 5, new AS 14.40.368(2). These sections conflict regarding how DNR is to deal with existing leases and other third party interests.

Section 5, new AS 14.40.365(i) The provision that says "subject to appropriations" needs to be expanded to say that if money is not appropriated to the University to pay DNR's expenses, the University does not get the land. Otherwise, DNR is obligated to process the University's requests without legislative funding to do so.

Section 5, new AS 14.40.365(i)(2). Delete or modify the provision that requires DNR to survey and issue patent within one year of selection. It may take the better part of a year to complete public review and comment, and for the governor to resolve any disputes, leaving little time for survey and patent. This could dramatically increase survey costs (as winter survey may be required). In addition, the provision (new AS 14.40.365(j)) that requires DNR to issue an interim conveyance document within one year of the selection is unrealistic in the case of controversial or disputed selections, or if the University selects significantly more than 25,000 acres in any given year.

Section 5, new AS 14.40.366(c). Requires the University to spend 20% of revenues at the nearest campus. We see this as an accounting nightmare. This provision should be deleted.

A new section should be added that this bill only goes into effect if the federal legislation passes that enables the University to acquire an additional 250,000 acres if the state provides matching acreage.

AMENDMENTS PROPOSED

Section 5, new AS 14.40.365(a) needs to be amended to say "up to 250,000 acres." We will make every attempt to meet this figure but there are too many outside influences to guarantee the acreage quota can be met by the 2020 deadline.

FISCAL NOTE

BILL NO. SB 7

1999 LEGISLATIVE SESSION

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

Expenditures/Revenues

OPERATING EXPENDITURES	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services					
Travel					
Contractual	1,627.0	1,627.0	1,627.0	1,627.0	1,627.0
Supplies					
Equipment					
Land & Structures					
Grants & Claims					
Miscellaneous					
TOTAL OPERATING	1,627.0	1,627.0	1,627.0	1,627.0	1,627.0

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

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

FUND SOURCE

1002 Federal Receipts					
1003 GF Match					
1004 GF					
1005 GF/Program Receipts					
1037 GF/Mental Health					
1048 University Receipts	1,627.0	1,627.0	1,627.0	1,627.0	1,627.0
TOTAL	1,627.0	1,627.0	1,627.0	1,627.0	1,627.0

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 \$1,627. All costs will be paid from the university land grant trust fund as provided for in AS 14.40.400; related expenditures will also be reflected in the university's annual operating budget as university receipts.

Pat Pitney

Prepared by Pat Pitney, Director
 Division UA Budget and Institutional Research

Approved by Commissioner Pat Pitney, Director
 Agency UA Budget and Institutional Research

Phone 474-5889
 Date 1/22/99
 Date 1/22/99

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Nov 8, 1998

The Anchorage Times

Publisher: BILL J. ALLEN

"Believing in Alaskans, putting Alaska first"

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

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Trees for UA

BESIDES MEASURING the popularity of candidates, professional pollsters often sample public opinion on a variety of issues.

Dave Dittman did such a sampling in a statewide poll in September at the request of Sen. Frank Murkowski. The subject was the University of Alaska. Specifically, he wanted to find out whether Alaskans think the state's university system needs improvement. If so, where should money come from to do the job?

An overwhelming 94 percent said Alaska needs a good, high-quality, state-supported university. However, a majority said the school should meet needs at the community and state level, rather than be developed to excel nationally.

Two out of three agreed that the university needs major improvements. But when asked whether the state should provide more money, the public was evenly divided. Half said it already gets enough state support. Half said it needs more.

Very few favored higher taxes or raiding the Permanent Fund to come up with additional money. Only 1 percent thought increasing the cost of tuition would be a good idea.

A majority endorsed the idea of an endowment fund created from revenues generated by mining and timber development on state lands.

Dittman asked: "There has been a proposal to give the University of Alaska a land grant of approximately 750,000 acres of state and federal lands which could then be developed to provide an endowment fund to help finance the university system. Do you support or oppose that proposal?"

Seventy-one percent of those polled supported it. Only 19 percent opposed.

With this strong public support, you'd think political leaders would be anxious to get behind a land grant effort. But so far they haven't.

Year after year, proposals to provide the university with an additional land grant have been defeated — either by the legislature or by a veto from the governor. At statehood, Alaska received by far the most generous land grant — 104 million acres — of any of the 50 states. Yet Alaska's land grant college has the next-to-lowest amount of land earmarked to raise money in support of higher education.

Murkowski has been leading the effort in Congress to obtain an additional allocation of federal lands for the university. But to succeed he needs the state to make a similar commitment out of its tremendous land bank.

Dittman found a majority of Alaskans support a greater university land endowment. The governor and Legislature should work with the congressional delegation to make this a reality.

pups
Dogs sink Sailors



SPORTS *D-1

16 months of silence
for cyclist's death

LOCAL *B-1

UPON A WALK

Health clubs take clients out of the gym

HEALTH *C-1



Cloudy and mild with
periods of snow.
High 20, Low 10

Page A-2

FAIRBANKS



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Washington rejects Knowles' plan for UA

By DOUGLAS FISCHER
Staff Writer

In clear language, U.S. Sen. Frank Murkowski and the Clinton administration have dismissed as unworkable Gov. Tony Knowles' plan to link University of Alaska revenues to oil development in the National Petroleum Reserve-Alaska.

"We do not believe the University of Alaska is owed any more federal lands or resources than have already been given," said Stephanie Hanna, spokes-

woman for Interior Secretary Bruce Babbitt, on Friday.

The plan, announced in Wednesday in Knowles' State of the State speech, would divert federal taxes from the yet-to-be-developed oil patch to university coffers. In exchange, the state would relinquish its continual claim for a university land grant from Congress.

Murkowski, whose effort to transfer up to 500,000 acres of federal property to the university stalled in Congress last

year, said an outright cash grant is "a tough one."

"It's a lot easier to get land than it is to get dollars," he said in a Thursday news conference. "This would be a first."

The Clinton administration was even more direct: The United States owes nothing more to the University of Alaska.

"The underlying concern, one that caused a veto threat for Sen. Murkow-

ski's bill, still remains," Hanna said.

The Knowles administration has remained staunchly opposed to any transfer of state lands to the university, claiming that lands conveyed to the state under the Alaska Statehood Act belong to all Alaskans, not one particular agency. Knowles says he supports a federal grant.

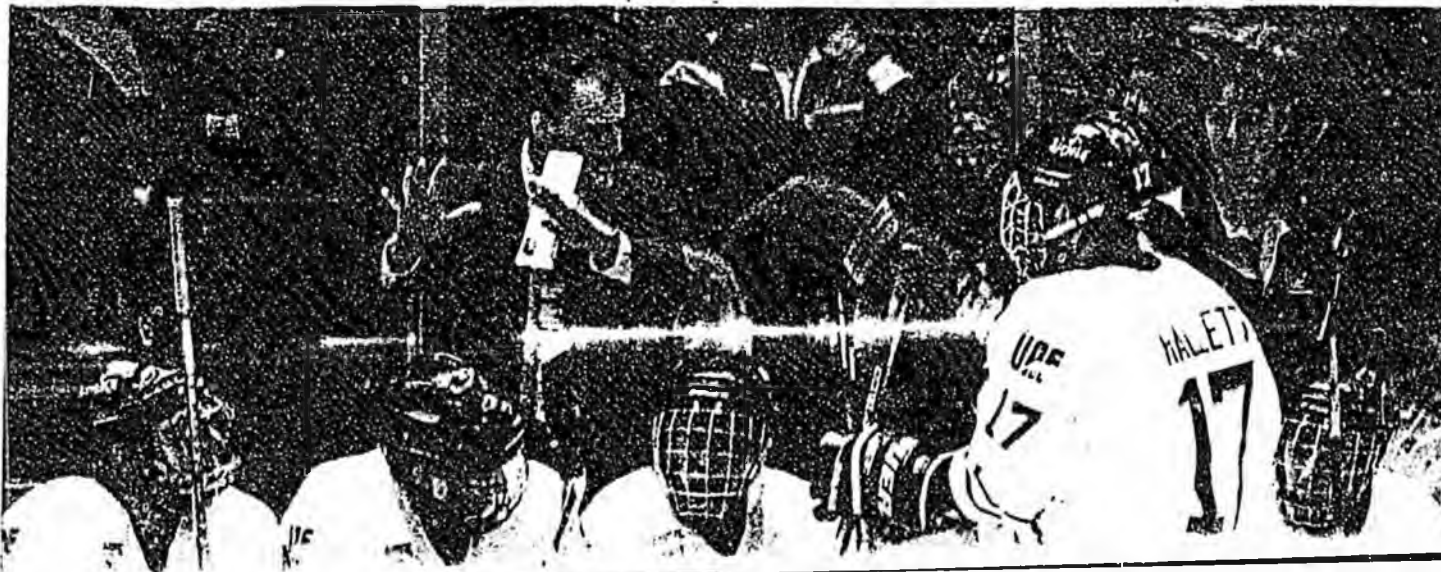
But talk of any land transfer raises hackles on environmentalists, who claim the land will be removed from the public

domain with an eye on aggressive development.

Murkowski's 1998 proposal would have given an immediate 250,000 acres to the university and up to another 250,000 acres if matched acre for acre by the state. Knowles has vetoed a state grant approved by the Legislature and threatened to veto other attempts.

The diversion of federal oil taxes, Knowles said, is a compromise. He
See PLAN, Page A-10

NANOOKS LOSE LEADER



Senator calls for an end to Clinton trial

The New York Times

WASHINGTON—With a small, but increasingly important, number of Republicans expressing reservations about the wisdom of calling witnesses, Sen. Robert Byrd, D-W.Va., a leading authority on Senate traditions, said on Friday that President Clinton's impeachment trial should come to a swift end, and he announced that he would offer a motion to dismiss the charges next week.

"I am convinced that the necessary two-thirds for conviction are not there and that they are not likely to be," Byrd said.

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a positive influence on the entire athletic program.

"We want to find a coach who can maintain a strong program that will set the tone for all of our teams throughout the school year," Pitney said.

PLAN

Continued from Page A-1
remains optimistic despite the unambiguous opposition in Washington, D.C., added spokesman Bob King.

"Many times the initial reaction is not the way things turn up at the end," he said Friday. "Upon reflection, hopefully, they'll agree that this is a workable alternative."

University of Alaska President Mark Hamilton was out of town and unavailable for comment Friday. His chief spokeswoman was similarly unavailable.

Occupying a parcel of land on the North Slope about the size of Indiana, the NPR-A was set aside in 1923 after explorers found oil seeping from the ground. In April, the Bureau of Land Management is scheduled to hold the first lease sale in NPR-A in years, in a 4 million acre corner of the preserve.

Under Knowles' proposal, an undetermined portion of the revenues—bonuses, rentals and royalties—generated by the development would form an endowment for the university.

Murkowski promised to forge ahead with his land bill again this year and questioned Knowles' opposition. "When is it not OK to take the land, but OK to take the money from the land?" he asked.

And with oil prices at an all-time low on the North Slope, now might not be the time to be linking university revenues to the commodity, he added.

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MEMORANDUM

January 25, 1999

SUBJECT: Sectional summary (SB 7) (Work Order No. 21-LS0072D)

TO: Senator Robin Taylor
Attn: Mel Krogseng

FROM: Gerald P. Luckhaupt *JPL*
Legislative Counsel

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. 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, 2020.

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 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 if the local municipality matches the income.

Senator Robin Taylor
January 25, 1999
Page 2

Sec. 14.40.367. Permits the president of the university, on a determination that it is in the best interest of the university or on request of a person who provided the information, to keep confidential certain types of information relating to land conveyed to the university under AS 14.40.365.

Sec. 14.40.368. 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.

GPL:jdr
99-036.jdr

Alaska State Legislature

Chairman,
Judiciary Committee

State Capitol
Juneau, Alaska 99801-1182
(907) 465-3873
Fax: (907) 465-3922



50 Front Street
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Senator Robin L. Taylor

SPONSOR STATEMENT SENATE BILL 7

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

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 from 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 as monetary resources are becoming scarcer and more unpredictable. This bill continues that 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.

The provisions of SB 7 allow the University of Alaska to select 250,000 acres of state land. Land selected for transfer would include interests in minerals and to oil and gas subject to certain limitations. Certain lands would be exempt from selection, such as:

- * lands subject to a coal lease or where a lease application is pending,
- * land reserved by law from the public domain,
- * land included in a five-year proposed oil and gas leasing program, and
- * leased land where the lease application is pending.

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All land selections must be made by December 31, 2020.

In an endeavor to encourage local support, up to twenty percent (20%) of the income derived from lands conveyed as a result of this legislation is to be given to the campus or campuses in the region from which the earnings are derived. This revenue is to be used for programs and services that support the development of natural resources within the region. This appropriation by the Board of Regents would only occur if the local municipality where the campus or campuses are located provides a match of the same amount.

It is this sponsor's hope, that this legislation will enable the University of Alaska to begin making its way toward equal footing with other land grant universities around the Nation.

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. SB 7

Revision Date: _____ Dept Affected: Natural Resources
 Title: An Act relating to the University of Alaska BRU: Resource Development
and university land & authorizing U of A to select additional land Component: Land Development
 Sponsor: Sen. Taylor, et.al.
 Requestor: Sen Resources Component Serial No. 431

Expenditures/Revenues (Inflation not included unless otherwise noted below)

(Thousands of Dollars)

OPERATING EXPENDITURES	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005
PERSONAL SERVICES	142.0	161.0	161.0	161.0	161.0	161.0
TRAVEL	15.0	15.0	15.0	15.0	15.0	15.0
CONTRACTUAL SUPPLIES	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	1,657.0	1,676.0	1,676.0	1,676.0	1,676.0	1,676.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (fund code)	see note					
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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						
1037 GF/Mental Health						
I/A (University)	1,627.0	1,644.0	1,644.0	1,644.0	1,644.0	1,644.0
TOTAL	1,657.0	1,676.0	1,676.0	1,676.0	1,676.0	1,676.0

Estimate of any current year (FY99) cost: \$ _____

POSITIONS

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

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. Costs could be higher depending on what lands are selected and the level of controversy relating to individual parcels. Most costs for the conveyance work will be paid for by the University using Interagency Receipts; however, this money still must come from state funds.

For FY 00, 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 [cont.]

Prepared by: Richard A LeFebvre, Acting Director Phone: 907-269-8503
 Division: Land Date: 22-Jan-99
 Approved by Commissioner: [Signature] Date: 1-25-99
 Agency: Natural Resources

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ANALYSIS [continued]:

contractual expenditures reflect the cost to survey parcels. FY 01 and following years include the above costs, plus costs to issue title documents.

* Note: It is impossible to project how much revenue these conveyances will generate for the University, and will be lost to the state, without knowing exactly what lands will be transferred. However, it can be assumed the University will select the most valuable parcels it can find. The effect is to divert a significant revenue stream out of the general fund, where it would have been available for those public purposes the Legislature deemed most important in a given year, into the hands of the Board of Regents for strictly university purposes. Also, by removing the most valuable parcels from the state's asset base, the bill reduces one of the most important incentives for local government to incorporate: the opportunity to select top-quality commercial, residential, and industrial land for municipal ownership under AS 29.65.



Legislative Resources

Mr. President, in my State of Alaska the University of Alaska is the oldest post-secondary school. The university was chartered prior to statehood and has played a vital role in educating Alaskans as well as students from around the world. The expertise of the university has been in many areas, mining, agriculture, arctic and subarctic sciences.

Additionally, the university has served as an important cornerstone in the history of our State. For example, the university housed the Alaska Constitutional Convention where the fathers of our statehood act carved out the rights and privileges guaranteed to Alaskan citizens. Further, Mr. President, the university is proud of the fact that it began life as the Alaska Agricultural and Mining College. However, Mr. President, what makes the University of Alaska unique is the fact that it is the only land-grant college in the Nation that is virtually landless today.

As some of my colleagues know, one of the oldest and most respected ways of financing America's educational system has been from the land-grant system. This was established in 1785 and the practice gives land to schools and universities for their use in supporting their educational endeavors. In 1862, Congress passed what was then known as the Morrill Act, which created the land-grant colleges and universities as a way to underwrite the cost of higher education to more and more of America's young people. These colleges and universities received land from the Federal Government for facility location, and more importantly as a way to provide for sustaining revenues to those educational institutions.

Mr. President, the University of Alaska received the smallest amount of land of any State, with the exception of Delaware that has a land-grant college. Delaware received about 90,000 acres. Even the land-grant college in Rhode Island received more land from the Federal Government than has the University of Alaska. Rhode Island received 120,000 acres.

In a State the size of Alaska, about 365 million acres, we should logically have one of the best and most fully funded land-grant colleges in the country.

Yet, to date, the University of Alaska only has about 111,000 acres. Unfortunately, without the land promised to Alaska under the land-grant allocation system in earlier legislation, the university is unable to share as one of the premier land-grant colleges in this country.

Previous efforts were made in Congress to fix this problem. These efforts date back to 1915, less than 50 years after the passage of the Morrill Act, when Alaska's delegate to Congress, Delegate James Wickersham shepherded a measure through Congress that set aside potentially more than a quarter of a million acres in the Tanana Valley outside Fairbanks for the support of an agriculture college and school of mines.

Following the practice established in the lower 48 States for the other land-grant colleges, Wickersham's bill set aside every section 33 of the unsurveyed Tanana Valley for the Alaska Agriculture College and Schools of Mines.

Alaska's educational future at that time looked favorable. Many Alaskans saw the opportunity to set up an endowment system similar to that set up by the University of Washington in the downtown center of Seattle, WA, where valuable university lands are leased providing funding for the university's maintenance and upkeep as well as some capital projects.

However, in Alaska's case, before the land could be transferred to the Alaska Agricultural College and School of Mines, renamed the University of Alaska in 1935, the land had to be surveyed in order to establish the exact acreage included in the reserve lands.

The section reserved for education could not be transferred to the college until they had been delineated. According to records at the time, it was unlikely given the incredibly slow speed of surveying that the land could be completely surveyed before the end of the current century. Surveying is still an extraordinarily slow process in Alaska's remote and unpopulated terrain.

In all, only 19 section 33's, or approximately 11,211 acres, were ever transferred to the University of Alaska. Of this, 2,250 acres were used for the original campus, and the remainder was left to the discretion of the board of regents to support educational programs and facilities.

Recognizing the difficulties of surveying in Alaska, subsequent legislation was passed in 1929 that simply granted land for the benefit of the university. This grant totaled approximately 100,000 acres, and to this day comprises the bulk of the university's total 111,211 acres of land--less than one-third of what was originally promised. In 1958, the Alaska Statehood Act was passed which extinguished the unfulfilled land grants. The university was thus left with little land with which to support itself and is thus unable to completely fulfill its mission as a land-grant college.

Mr. President, the legislation I am introducing today would redeem the promises made to the university in 1915 and put the university on an even footing with other land-grant colleges in the United States. It provides the university with the land needed to support itself financially and it offers the chance to grow and continue to act as a responsible steward of the land and educator of young Alaskans. It also provides a concrete timetable under which the university must select its land and the Secretary of Interior must act upon those selections.



This legislation also contains significant restrictions on the land that the university can select. The university cannot select land located within a conservation system unit, land validly conveyed to the State or an ANCSA corporation or land used in connection with Federal or military institutions.

Accordingly, Mr. President, under my bill, the university must relinquish extremely valuable inholdings in Alaska once it receives its second-tier State/Federal grant under section 6, of this bill. Therefore, the result of this legislation will mean, specifically, relinquishment of prime university inholdings in such magnificent areas as the Alaska Peninsula and Maritime National Wildlife Refuge, the Kenai Fjords National Park, Wrangell St. Elias National Park and Preserve and Denali Park and Preserve. Mr. President, not only does this bill uphold a decades-old promise to the University of Alaska, it further protects Alaska's unique parks and refuges.

Recognize, Mr. President, my bill requires the State to participate in the process, as well, under an option. Specifically, the bill would grant the university 250,000 acres of Federal land. The university would be eligible to receive another 250,000 acres of Federal land on a matching basis with the State, for a total of 500,000 additional acres. This would be at the option of the legislature, the Governor, and the university's board of regents

Mr. President, the State matching provision is an important component of this legislation. Most agree with the premise that the university was shorted land. However, some believe it is the sole responsibility of the Federal Government to compensate the university with land, while others believe it is solely the responsibility of the State to grant the university land. The legislation I am introducing today offers a compromise, a compromise giving both the State and the Federal Government the opportunity to contribute, as well as provide the Government with valuable inholdings in Federal parks and preserves.

With the passage of this bill, Mr. President, the University of Alaska will finally be able to act fully as a land grant college, and will be able to select lands that can provide the university with stable revenue sources, as well as provide responsible stewardship for the lands.

This is an exciting time for the University of Alaska. The promises that were made 82 years ago could be fulfilled with this legislation, and Alaskans could look forward to a very bright future for the university and the many Alaskans who receive an education there.

I ask unanimous consent, at this time, to have printed in the Record the proposed inholdings that the University has which would be deeded over to the Federal Government under this legislation, a history of the university of Alaska's land grant from the time we were designated as a territory, land grant rankings of all the States, as well as a copy of the bill.

