

**HB**

**319**

# HOUSE COMMITTEE REPORT

(7)

Date Referred to Committee: May 14, 2003

FURTHER REFERRALS: Resources  
Finance

Date of Committee Action: 2/19/04

The STATE AFFAIRS Committee considered:

HB 319

HOUSE BILL NO. 319

REMOTE REC.CABIN SITE SALES/LOTTERY SALE

"An Act relating to the disposal of state land by lottery; and relating to the disposal, including sale or lease, of remote recreational cabin sites."

Recommends it be replaced with  HCS or  CS for HB 319 (STA)  
For Senate Bills with new title:  Technical Title  New Title: HCR \_\_\_\_\_  Same Title  New Title

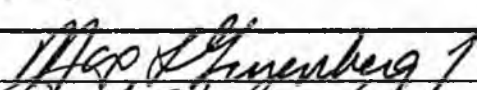
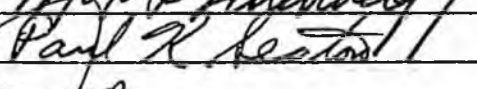
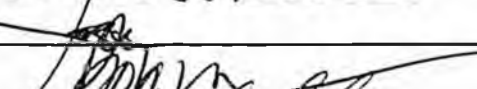
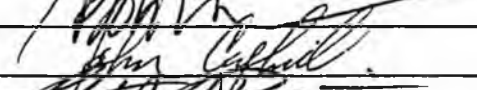

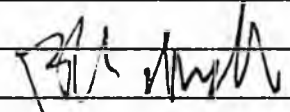
- attach amendments
- add new referral to \_\_\_\_\_ Committee
- Letter of Intent \_\_\_\_\_ Committee

List of  
Abbrev  
for  
Depts.:

- ADM
- CED
- COR
- CRT
- EED
- DEC
- DFG
- GOV
- HSS
- LEG
- LAW
- LWF
- MVA
- DNR
- DPS
- REV
- DOT
- UA

<u>NEW FISCAL NOTES</u>				
*Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero
<u>DNR</u>		✓		

<u>PREVIOUS FISCAL NOTES</u>				
List by Dept(s):	FN#	Fiscal	Indet.	Zero

<u>Signing with recommendations</u>	Printed Last Name	DP	DNP	NR	AM
	Gruenberg	✓			
	SEATON			✓	
	Holm			✓	
	LYNN Coghill	x			
					✓
Chair: 	Neysrausch			x	
Chair:					

AMENDMENT

H | to CS HB 319  
Version I

OFFERED IN THE HOUSE  
TO: CS FOR HB 319 (STA)  
23-LSO477\I 2/14/04

BY REPRESENTATIVE FATE

adopted  
2/19/04  
no objection  
" as amended "

10-14

Page 3, lines ~~9-12~~

Delete all material and insert:

"(1) prepare a schedule of land offerings under this section and identify the parcels for disposal each year; the land offerings may not include mineral land selected by the state or lands identified by the department as having a high mineral potential; the department's identification of land having a high mineral potential shall be based on standards adopted by the department in regulations and shall include consideration of a geophysical survey<sup>or</sup> geological evaluation, if any, that was conducted within 15 calendar years before the year for which the schedule is prepared; and"

\* line 5  
change the word  
"surveyor" to  
"survey", add  
the word "or"  
after the word  
"survey".  
\*

23-LS04771  
Bullock  
2/14/04

**CS FOR HOUSE BILL NO. 319(STA)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered:  
Referred:

Sponsor(s): REPRESENTATIVES FATE, Wolf

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the disposal of state land by lottery; and relating to the disposal,  
2 including sale or lease, of remote recreational cabin sites."

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

4 \* Section 1. AS 38.05.057(a) is amended to read:

5 (a) The commissioner may dispose of land, including land limited to use for  
6 agricultural purposes, by lottery. The purchase price of land sold by lottery shall be  
7 the fair market value of the land as determined by the commissioner. The  
8 commissioner may sell land by lottery for less than the fair market value of the land on  
9 a determination that scarcity of land for private use in the area of the land to be sold  
10 has resulted in unrealistic land values. The lottery shall be conducted in public by the  
11 commissioner. A purchaser selected by lot shall deposit an amount equal to 10 [FIVE]  
12 percent of the purchase price within 30 days after receiving notification of the  
13 selection.

14 \* Sec. 2. AS 38.05.125(a) is amended to read:

1 (a) Each contract for the sale, lease, or grant of state land, and each deed to  
2 state land, properties, or interest in state land, made under AS 38.05.045 - 38.05.120,  
3 38.05.321, 38.05.600, 38.05.810 - 38.05.825, AS 38.08, or AS 38.50, except as  
4 provided in AS 38.50.050, is subject to the following reservations: "The party of the  
5 first part, Alaska, hereby expressly saves, excepts, and reserves out of the grant hereby  
6 made, unto itself, its lessees, successors, and assigns forever, all oils, gases, coal, ores,  
7 minerals, fissionable materials, geothermal resources, and fossils of every name, kind,  
8 or description, and which may be in or upon said land above described, or any part  
9 thereof, and the right to explore the same for such oils, gases, coal, ores, minerals,  
10 fissionable materials, geothermal resources, and fossils, and it also hereby expressly  
11 saves and reserves out of the grant hereby made, unto itself, its lessees, successors,  
12 and assigns forever, the right to enter by itself, its or their agents, attorneys, and  
13 servants upon said land, or any part or parts thereof, at any and all times for the  
14 purpose of opening, developing, drilling, and working mines or wells on these or other  
15 land and taking out and removing therefrom all such oils, gases, coal, ores, minerals,  
16 fissionable materials, geothermal resources, and fossils, and to that end it further  
17 expressly reserves out of the grant hereby made, unto itself, its lessees, successors, and  
18 assigns forever, the right by its or their agents, servants, and attorneys at any and all  
19 times to erect, construct, maintain, and use all such buildings, machinery, roads,  
20 pipelines, powerlines, and railroads, sink such shafts, drill such wells, remove such  
21 soil, and to remain on said land or any part thereof for the foregoing purposes and to  
22 occupy as much of said land as may be necessary or convenient for such purposes  
23 hereby expressly reserving to itself, its lessees, successors, and assigns, as aforesaid,  
24 generally all rights and power in, to, and over said land, whether herein expressed or  
25 not, reasonably necessary or convenient to render beneficial and efficient the complete  
26 enjoyment of the property and rights hereby expressly reserved."

27 \* Sec. 3. AS 38.05.600(a) is amended to read:

28 (a) The commissioner may provide for the sale or lease of state land for  
29 remote recreational cabin sites. Sales under this section shall be at fair market value  
30 determined as of the time of entry by the department or by an appraiser from the  
31 list of appraisers approved by the department. Land to be sold under this section

1 shall be surveyed before sale by the department or by a surveyor registered  
2 under AS 08.48. The appraisal and survey shall be completed within 24 months  
3 of entry. The [, AND THE] purchaser shall pay for the appraisal and survey or  
4 reimburse the state for the appraisal, survey, and platting costs for the recreational  
5 cabin site. Sales under this section may be at public or private sale under (g) of  
6 this section.

7 \* Sec. 4. AS 38.05.600 is amended by adding new subsections to read:

8 (d) Each year, subject to appropriation from the state land disposal income  
9 fund under AS 38.04.022, to implement this section, the commissioner shall

10 (1) prepare a schedule of land offerings under this section from lands  
11 that were not selected by the state for mineral values, except for lands having a proven  
12 high mineral potential based on a geophysical survey or geological evaluation  
13 completed not more than 15 years before the offering, and identify the parcels for  
14 disposal each year; and

15 (2) provide public notice of the proposed land offerings.

16 (e) The space between remote recreational cabin sites offered under this  
17 section may not be less than 660 feet in any direction.

18 (f) The commissioner may solicit nominations each year from the public for  
19 areas to be offered for disposal under this program. The commissioner may add areas  
20 nominated by the public to the schedule prepared under (d) of this section if the land is  
21 classified for disposal or the disposal is consistent with other requirements of  
22 AS 38.04 and this chapter.

23 (g) A person may nominate a parcel for disposal under this section and request  
24 a right of first refusal. If the commissioner accepts the nomination of a parcel for  
25 disposal, the commissioner may also provide for disposal of additional parcels in the  
26 surrounding area, subject to (d)(1) and (f) of this section.

27 (h) A parcel sold under this section may not exceed five acres. A parcel sold  
28 under this section may include lake, river, or other navigable water frontage, subject to  
29 the following limitations:

30 (1) the lake, river, or other navigable water frontage must be at least  
31 300 feet and may not exceed 400 feet;

1  
2  
3  
4  
5  
6  
7

(2) only one parcel with frontage on a lake may be sold under this section for each five acres of water of that lake unless, in the public interest, the commissioner adopts a regulation indicating a different ratio of water to each parcel with frontage; and

(3) a parcel sold under this section with frontage on a river must be located at least one-quarter of a meander mile from any other parcel with river frontage sold under this section.

# ALASKA STATE LEGISLATURE

REPRESENTATIVE BRUCE WEYHRAUCH



ALASKA  
STATE CAPITOL  
JUNEAU, ALASKA  
99801-1182

(907) 465-3744  
FAX (907) 465-2273

STATE AFFAIRS COMMITTEE

## Fax

To: Legislative Lega l – Don Bullock From: Ginny Austerman

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Fax: 2029

Date: February 11, 2004

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Phone: 2450

Pages: one

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Re: CS HB 319

CC:

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Urgent  For Review  Please Comment  Please Reply

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•Comments:

**On Feb. 3, 2004 the House State Affairs Committee adopted Amendment #1 offered by Rep. Fate (23-LS0477\H.1)**

**Page 1 lines 1 –7 of the Amendment and page 1 lines 16-21 as written; page 1, lines 8 –14 (conceptually – a clarification of this section was requested by the committee.)**

**Amendment # 2 – Page 3, line 31 (of the H version of the bill)**

**Change “2 ½ acres” to “5 acres”**

**Please issue a “work draft” reflecting the above Amendment.**

**Due to a misunderstanding of the Committee’s actions on Feb. 3, a new Amendment requested by Rep. Fate’s office was issued (23 – LS0477\H.2). This amendment included new language for Page 3, lines 9 – 12 of version H of the bill; it also included new language for page 3, lines 21 – 30 of version H of the bill. This portion of the new amendment was not requested by the committee, therefore, when the bill is before them again, it is the plan of the committee to rescind any action taken on Feb. 5 and speak only to the part of Amendment 23LS0477\H.1 that offers clarification they were seeking, that information being on lines 8 - 17 of Amendment labeled 23-LS0477\H.2**

*faxed to Leg Dept 2/11/04*

*Offered as Amendment #1*

*adopted 2/3/04*

23-LS0477AH.1  
Bullock  
1/30/04

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE FATE

TO: HB 319

1 Page 3, line 2:

2 Delete "12"

3 Insert "24"

4

5 Page 3, line 5, following "private sale":

6 Insert "under (g) of this section"

7

8 Page 3, lines 9 - 12:

*Conceptual - needs clarification*

9 Delete all material and insert:

10 "(1) prepare a schedule of land offerings under this section from lands  
11 that were not selected by the state for mineral values, except for lands having a proven  
12 high mineral potential based on a geophysical survey or geological evaluation  
13 completed not more than 15 years before the offering, and identify the parcels for  
14 disposal each year; and"

15

16 Page 3, lines 21 - 30:

17 Delete all material and insert:

18 "(g) A person may nominate a parcel for disposal under this section and  
19 request a right of first refusal. If the commissioner accepts the nomination of a parcel  
20 for disposal, the commissioner may also provide for disposal of additional parcels in  
21 the surrounding area, subject to (d)(1) and (f) of this section."

*Amendment #2*

*Page 3, line  
Change "2 1/2 acres" to "5 acres"*

*adopted 2/3/04*

# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HB319-DNR-LSME-1-28-04  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Natural Resources  
 Title Remote Rec Cabin Site Sales/ RDU Resource Development  
Lottery Sale Component Land Sales/Municipal Entitlements  
 Sponsor Rep. Fate  
 Requester (H) STA Component No. 2456

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	368.0	368.0	368.0	368.0	368.0	368.0
Travel	20.0	20.0	20.0	20.0	20.0	20.0
Contractual	30.0	30.0	30.0	30.0	30.0	30.0
Supplies	15.0	15.0	15.0	15.0	15.0	15.0
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>433.0</b>	<b>433.0</b>	<b>433.0</b>	<b>433.0</b>	<b>433.0</b>	<b>433.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( 1153 )</b>					<b>82.6</b>	<b>112.8</b>
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	433.0	433.0	433.0	433.0	350.4	320.2
1005 GF/Program Receipts						
1037 GF/Mental Health:						
Other (1153 Land Disp Income Fund)					82.6	112.8
<b>TOTAL</b>	<b>433.0</b>	<b>433.0</b>	<b>433.0</b>	<b>433.0</b>	<b>433.0</b>	<b>433.0</b>

Estimate of any current year (FY2004) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time	6	6	6	6	6	6
Part-time	1	1	1	1	1	1
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This bill establishes a new land disposal program within AS 38.05.600. It leaves the existing Remote Recreational Cabin Program under that statute in place. This fiscal note analyzes the impacts of the proposed program.

The new program would have DNR negotiate private, non-competitive sales. (This is a significant change from the existing policy of only public, competitive land sales.) It also adds a maximum size restriction of 2.5 acres and establishes other guidelines regarding parcel locations.

Prepared by: Nancy Welch, Special Assistant to the Commissioner  
 Division: Commissioner's Office  
 Approved by: Thomas Irwin, Commissioner  
 Agency: Natural Resources

Phone 907-269-8431  
 Date/Time 1/28/04  
 Date 1/28/04

## FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

BILL NO. HB319-DNR-LSME-1-28-04

### ANALYSIS CONTINUATION

**Assumptions.** The fiscal note assumes that DNR would process 150 applications under the new program which is established in Section 4(g) of the bill whereby DNR must approve parcels nominated by individuals. (If more than 150 individuals apply, a backlog would be established or more staff would be needed.)

The bill does not eliminate the existing program. Thus, the fiscal note also assumes that the existing program continues at its current level. If the program established in Section 4(g) is meant to replace the existing program, the cost and revenues provided in this fiscal note would change. The Department is currently preparing an estimate of the fiscal effect of eliminating the costs and revenues of the existing program.

**The New Program.** Section 4(g) of the bill would require individual processing for 2.5-acre parcels in locations throughout the state chosen by the applicant. This bill proposes that a member of the public can nominate a specific site and, if the person can demonstrate past recreational or mining use, DNR would be required to offer that site to that individual without competition. DNR would complete the processing: title search, appraisal review, best interest finding, easement decisions, etc. for that individual. This process would be repeated for each individual parcel.

**Cost for Section 4(g).** The new aspect of the program, Section 4(g), requires individual processing. For example, under the existing program, 150 parcels can be reviewed in six batches, combining survey reviews, appraisal reviews, best interest findings, and title searches. Section 4(g) would require 150 separate survey reviews, appraisal reviews, best interest findings, etc.

DNR estimates that this portion of the program will require the following staff: .

- 1 Appraiser II - @\$66.0 = \$66.0
- 1 NRS II - @\$58.0 = \$58.0
- 2 NRS I - @\$52.0/each = \$104.0
- 1 NRS I (part-time) - @\$26.0 = \$26.0
- 1 Land Survey Assistant II - @\$58.0 = \$58.0
- 1 Cartographer II - @\$56.0 = \$56.0

**Revenues.** Revenue generated under this bill would be a function of parcel size, per-acre price, number of parcels sold, and scheduling assumptions as outlined below.

**Parcel Size.** This bill proposes to decrease the maximum size to 2.5 acres. Under the current program, applicants choose the size of their parcel. The average size chosen under the current program is approximately 13.6 acres. (The minimum size is 5 to 10 acres depending on the area. Minimum size is established to comply with local platting board or waste disposal requirements. Maximum parcel size is 20 acres).

**Parcel Price.** Remote land in Alaska is inexpensive. The selling price for remote recreation cabin parcels staked in FY 01 and FY 02 is estimated to average \$620/acre. Small parcels sell for less than larger parcels, though the per-acre price is higher. Currently, the average size Alaskans chose to stake is 13.6 acres. Department appraisers estimate that all else being equal the per-acre price ratio between a 13-acre parcel and a 2.5 acre parcel is 1.9. Therefore, this fiscal note assumes that a 2.5-acre parcel will bring in \$1,180 per acre (= \$620/acre x 1.9). That is, each parcel brings in \$2,950 to the Department (= \$1,180/acre x 2.5 acres).

## FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

BILL NO. HB319-DNR-LSME-1-28-04

### ANALYSIS CONTINUATION

*Purchase Rate.* In the current program, only 43% of people issued staking authorizations go on to purchase their parcels. The remainder decide not to continue somewhere during the process. The Department is working to bring up the purchase rate. However, this rate is actually greater than similar historical programs. The Department's homestead/homesite programs allowed people to gain ownership through either purchase or prove-up. Only 33% of the people who initially sought parcels followed through to ownership: two-thirds dropped out. It is possible that those who apply in the program proposed by this bill will have a higher purchase rate than past programs. However, individuals do not understand the major cost in time and money until they try to hire a surveyor and appraiser, and so the purchase rate may actually be lower. This fiscal note assumes a 66% purchase rate or 100 parcels per year.

*Financing.* The bill assumes current practice for financing: approximately 20% of applicants purchase outright and 80% finance their purchase over 10 years. The current interest rate is 7%.

*Schedule.* Section 3 of the bill does not change DNR's existing survey and appraisal practice but requires that both be completed within one year. Currently, the Department contracts with private surveyors on behalf of the individuals and is able to complete the survey and appraisal process within two years. Our experience is that individuals who are unfamiliar with surveyors and appraisers take far longer. Thus, the Department believes that the minimum time for the process is two years: one for summer for survey (survey instruction from DNR, survey by a private contractor, then review by DNR), and a second for appraisal (instructions from DNR, appraisal by a private contractor, then review by DNR). Therefore, the minimum schedule is as follows: FY 05 to prepare the regulations and information for the public. The first applications could occur in FY 06 with one year for DNR processing (title search, best interest finding, public notice, etc.). Survey could occur in FY 07; appraisal in FY 08, and revenue would begin when parcels are purchased in FY 09.

*Summary.* In summary, total value sold will be \$295,000 (100 parcels x \$2,950 per parcel). Of that amount \$82,600 will be paid the first year (\$59,000 through full purchase plus \$23,600 downpayment on the remainder). An additional \$30,240 will be paid each year through the following 10 years as individuals pay off the parcels. Therefore, the first year of revenue will occur in FY 09 and will be \$82,600. In FY 10, revenue will be \$112,840 (= \$82,600 + \$30,240).

*Technical Issues.* This bill *does not* repeal the current program: Section 4(f) appears to provide that it continues. Therefore, this fiscal analysis assumes the existing program continue at its present level. However, the bill would put the current program out of compliance with the law. To maintain the current program, Sections 4(e) and (h) should apply only to the new program: that outlined in Section 4(g).

If the new program *does* replace the existing program, the required additional cost would be somewhat less than outlined in this fiscal note as current staff could implement the new program (with some additions). However, total revenue to the state would be much less than indicated in the fiscal note, as the existing program is a much more cost-efficient and revenue-efficient method to offer lands to Alaska. The Department is currently preparing this financial information, and it should be available within the next week.

Also, the bill mandates that survey and appraisal is completed in one year. As outlined above, many years of experience with this issue shows a one-year schedule to be almost impossible. A more realistic expectation is 2 to 5 years. Based on DNR's current practice, the minimum time to accomplish these tasks is two years: one for survey and one for appraisal. Therefore, the requirement in Section 3 (line 2 of page 3) should be removed.

Representative  
**HUGH "BUD" FATE**  
Finance Committee

Energy Council- Executive Committee  
119 N. Cushman St. Suite 213  
Fairbanks, Alaska 99701  
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## Alaska State Legislature



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House District 7

### House of Representatives Sponsor Statement

#### HB 319

**"An Act relating to the disposal of state land by lottery; and relating to the disposal, including sale or lease, of remote recreational cabin sites."**

HB 319 is legislation to help move Alaska State land into the hands of private individuals. Presently, Alaska holds thousands of acres of remote area land that is generating no revenue for the state or local nearby governments.

By leasing or selling remote cabin sites, individuals will hold the surface rights to those lands. The initial cost will be minimal to residents through public or private sales. They will incur the costs of a survey and appraisal and must meet the requirements of statute regarding improvements.

Since the majority of the sites are remote, the means of access could result in the purchase of off road equipment, and in some cases boats and motors. Once improvements begin, the new landowner will be purchasing building materials, fuel and other necessities to make the cabin as comfortable as possible. The economic trickle down effect could be huge as it will also be felt in the real estate market.

HB 319 makes good economic sense for state government, local government, Alaska businesses and Alaskans. Just about every Alaskan wants that remote cabin, a place to escape, to hunt and fish or simply enjoy a mini-vacation. HB 319 will expand the opportunity to make that dream happen.

**AS 38.05.600. Remote recreational cabin sites.**

(a) The commissioner may provide for the sale or lease of state land for remote recreational cabin sites. Sales under this section shall be at fair market value determined as of the time of entry, and the purchaser shall reimburse the state for the appraisal, survey, and platting costs for the recreational cabin site.

(b) The annual fee for a remote recreational cabin site lease shall be set by the commissioner so as to ensure that the state receives a fair return for the use granted by the lease for the term of the lease. The commissioner shall establish regulations that specify the application procedures for and the terms and conditions of a remote recreational cabin site lease. A lease must be for a term of not more than five years, and may be renewed for one additional five-year period. At any time during the lease, the lessee may purchase the remote recreational cabin site by having the site appraised and surveyed in a manner acceptable to the department and by paying to the state the fair market value for the site determined as of the time of entry. The lease may not be assigned by the original lessee during the term of the lease.

(c) A remote recreational cabin site lease may be terminated by the commissioner before the expiration of the term of the lease if a lessee fails to use the land under lease in the manner required by the terms of the lease. After termination of a remote recreational cabin site lease, improvements or personal property on the land subject to the lease shall be managed in the same manner as required by AS 38.05.090 .

**AS 38.05.090. Removal or reversion of improvements upon termination of leases.**

(a) Unless otherwise agreed to in writing by the commissioner, a lessee shall remove from a former leasehold

(1) all personal property, including above-ground tanks, transportable buildings, equipment, machinery, tools, and other goods, not belonging to the state, within 30 days after termination of the lease; and

(2) all buildings and fixtures, including gravel pads, and below-ground tanks, foundations, and slabs, not belonging to the state, within 60 days after termination of the lease.

(b) Unless otherwise agreed to in writing by the commissioner, the lessee shall restore the leasehold to a good and marketable condition, acceptable to the commissioner, within 120 days after termination of the lease.

(c) If the lessee does not remove personal property, buildings, and fixtures as required within the time specified under (a) of this section, title to the personal property, buildings, and fixtures that remain automatically vests in the state unless the commissioner elects to remove and dispose of the remaining personal property, buildings, and fixtures of the lessee. The commissioner may assess upon the lessee the cost of removing and disposing of personal property, buildings, and fixtures remaining upon the land.

**Reference Statute Language in HB 319**

(d) If the lessee does not restore the land within the time period specified under (b) of this section, the commissioner may have the land restored and assess the costs upon the lessee.

(e) As part of a lease agreement, and in order to protect the public interest, the commissioner may require terms for removal or reversion of improvements additional to those specified in (a) - (d) of this section.

(f) Private residential improvements of a lessee that have become fixtures of the land and that are not removed by that lessee upon termination of the lease shall be purchased by the subsequent purchaser of the land if the improvements were authorized in the former lease or by permit from the director and if they have a net value of more than \$10,000. The net value is the value of the improvements as determined by an appraisal approved by the commissioner, less all rents due the department, all costs of restoration under (d) of this section, and all department expenses estimated to be incurred in making the sale. After termination of the former lessee's lease, and at additional times as determined necessary by the commissioner, the value of the authorized residential fixtures shall be determined by an independent appraisal made at the cost of the former lessee. A notice or offer by the state to sell formerly leased land under this subsection must state (1) the appraised value of authorized residential fixtures remaining on the land that must be purchased, and (2) that that cost is included in the purchase price. Out of the proceeds of the sale, the department shall pay to the former lessee the appraised value of the residential improvements, less all rents due the department, all costs of restoration due the department under (d) of this section, and all department expenses incurred in making the sale.

(g) Personal property described in (c) of this section is not subject to AS 34.45 (Uniform Unclaimed Property Act).

AS 38.05.127. Access to navigable or public water.

(a) Before the sale, lease, grant, or other disposal of any interest in state land adjacent to a body of water or waterway, the commissioner shall,

(1) determine if the body of water or waterway is navigable water, public water, or neither;

(2) upon finding that the body of water or waterway is navigable or public water, provide for the specific easements or rights-of-way necessary to ensure free access to and along the body of water, unless the commissioner finds that regulating or limiting access is necessary for other beneficial uses or public purposes.

(b) The department shall adopt regulations implementing this section.

(c) Nothing in this section affects valid existing rights or limits in any way the constitutional right of the public to use and have free access to the navigable or public waters of the state.

(d) Upon application by a municipality or an affected owner of land, the department may vacate, release, modify, or relocate an easement and right-of-way for public access to or along navigable or public waters reserved by the department in a patent issued under AS 29.65 or former AS 29.18, if the commissioner determines the action is consistent with the public interest.

(e) The establishment of easements or rights-of-way for oil and gas and mineral leases under (a) of this section need not be made until the leases are ready to be developed.

(f) Rights-of-way or easements to waterways established under (a)(2) of this section shall be established approximately once each mile unless the commissioner makes a written finding that regulating or limiting access is necessary for other beneficial uses or public purposes.

(g) The commissioner may exchange land under AS 38.50 to create access to public water of the state.

Sec. 38.05.128. Obstructions to navigable water.

(a) A person may not obstruct or interfere with the free passage or use by a person of any navigable water unless the obstruction or interference is

(1) authorized by a federal agency and a state agency;

(2) authorized under a federal or state law or permit;

(3) exempt under 33 U.S.C. 1344(f) (Clean Water Act);

(4) caused by the normal operation of freight barging that is otherwise consistent with law;

or

(5) authorized by the commissioner after reasonable public notice.

(b) An unauthorized obstruction or interference is a public nuisance and is subject to abatement. The cost of abatement shall be borne by the violator and is in addition to any penalty imposed by the court.

(c) This section may not be construed to affect or abridge valid existing rights.

(d) Free passage or use of any navigable water includes the right to use land below the ordinary high water mark to the extent reasonably necessary to use the navigable water consistent with the public trust.

(e) Free passage or use of any navigable water includes the right to enter adjacent land above the ordinary high water mark as necessary to portage around obstacles or obstructions to travel on the water, provided

(1) entry is made without injury or damage to the land;

(2) entry is made in the least obtrusive manner possible;

(3) there is no reasonable alternative available to avoid the use of the adjacent land above the ordinary high water mark; and

(4) the navigable water is reentered immediately below the obstacle or obstruction at the nearest point where it is safe to do so.

(f) A violation of (e) of this section is a class B misdemeanor.

*Emailed letter from Alaska Miners Association, Inc. – Steven C. Borrell, P.E. Executive Director – received 2/16/04*

February 16, 2004

Honorable Bud Fate  
Alaska State House of Representative  
Capitol Building  
Juneau, AK 99801

RE: House Bill 319, Disposal of State Land

Dear Representative Fate,

Thank you for the opportunity to comment on this bill. We have reviewed what we understand to be the latest version of House Bill 319 after some changes were made in the State Affairs Committee, as well as some proposed amendments that have not yet been addressed by the Committee.

Given that some parts of the bill have been changed and other changes are pending, we have concluded it would be best for our comments to address only Sec. 4 of the bill at this time. We will then review the bill again when we can review the entire bill with all changes in place.

In Sec. 4. we recommend that the new AS 38.05.600(d)(1) read as follows:

(1) prepare a schedule of land offerings under this section from lands that were not selected by the state for hard mineral potential and from lands having low mineral potential, as defined in regulation based on a geophysical survey and a geologic evaluation completed not more than 15 years before the offering for disposal; and

There are two important parts to this statement that warrant comment. First, it would not be appropriate to sell state land that was specifically selected for its hard mineral potential. These lands have the greatest opportunity to contain valuable mineral deposits of hardrock minerals. However, even though a buyer would only be purchasing the surface estate, such surface owners would become an encumbrance that could adversely affect the ability to develop the state's underlying minerals. This is precisely the situation today regarding coalbed methane where surface owners are opposing the very simple and unobtrusive production of shallow gas.

The second point is that both a geophysical survey and a geologic evaluation are needed to effectively determine the detailed mineral potential of a specific area. Given that geophysical technology continues to improve, it is important that relatively modern surveys are utilized without the requirement for a survey immediately before a land offering. It is necessary to specify a geologic evaluation because some types of mineral deposits are not identifiable with geophysics and the geologic evaluation pulls together all the available information.

We also wish to reiterate the need for an addition to this bill that would change an existing statute. This only involves cabins and facilities that were **on federal mining claims at the time of Statehood**. These facilities were allowed under federal law in effect at the time of Statehood but when the land was transferred to the State, the facilities often did not meet the requirements of State law. Even though the owner may have spent thousands dollars constructing the facilities and used them for decades, the only alternative under State law in many instances is for the owner to remove or destroy the facilities. We recommend a minor change to existing statute be added to HB-319 to address this issue with the following change to AS 38.05.035(b)(5):

AS 38.05.035. POWERS AND DUTIES OF THE DIRECTOR.

(b) The Director may

(5) when the director determines it is in the best interest of the state and will avoid injustice to a person or the heirs or devisees of a person, dispose of land, by direct negotiation to that person who presently uses and who used and made improvements to that land before January 3, 1959, or to the heirs or devisees of the person; the amount paid for the land shall be its fair market value on the date that the person first entered the land, as determined by the director; a parcel of land disposed of under this paragraph shall be of a size consistent with the person's prior use, but may not exceed ten [five] acres;

Thank you for the opportunity to comment on this bill.

Sincerely,

*original signed*

Steven C. Borell, P.E.  
Executive Director

cc: Representative Bruce Weyhrauch

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# ALASKA MINERS ASSOCIATION, INC.

3305 Arctic Blvd., #202, Anchorage, Alaska 99503 • (907) 563-9229 • FAX: (907) 563-9225 • www.alasaminers.org

January 23, 2004

Honorable Bud Fate  
Alaska State House of Representative  
Capitol Building  
Juneau, AK 99801

RE: House Bill 319, Disposal of State Land

Dear Representative Fate,

Thank you for the opportunity to comment on this bill. We appreciate the intent of this bill and support private ownership of lands when it is not likely to adversely impact potential mining or other resource development projects. We have now reviewed House Bill 319 in detail and have identified some recommended changes.

To address these items we recommend the changes below with new material underlined by id and material to be removed [bracketed bold].

The first change is in Sec.4, which adds a new section to AS 38.05.600.(d). The reference to geophysical surveys is appropriate but some deposit types cannot be identified by geophysical alone but rather require other geologic work. We recommend the following addition:

"(d)(1) prepare a schedule of land offerings under this section from lands that were not selected by the state for mineral values and lands having a low mineral potential based on a geophysical survey and geologic evaluation completed not more than 15 years before the offering..."

The next area is in subsection (g) where we recommend two changes. The first involves obtaining land adjacent to a mining claim. If the remainder of this bill becomes law, inclusion of this reference is not needed for a person to obtain land adjacent to a mining claim. So long as the parcel meets the tests defined elsewhere in the bill, this reference to a mining claim is not needed. In this situation, mining claims would become a form of "preference right" for land sales. We cannot support this. We therefore recommend the following changes:

"(g) A person may nominate a parcel for disposal under this section. ~~if the person provides an affidavit to the commissioner showing at least three consecutive years of recreational use, other than merely transiting over the parcel by any means, of the parcel by the person, or that the person has held the area under a mining claim, as shown through not less than five consecutive years of production royalty reports or affidavits of annual labor to the state, on claims that are contiguous to the parcel, before offering the parcel for disposal to the public, the commissioner shall offer the parcel to the person nominating the parcel for disposal.~~ If the commissioner supports [accept] the nomination of a parcel for disposal, the commissioner may also provide for disposal of

additional parcels in the surrounding area, subject to (d)(1) and (f) of this section.'

There another situation where we believe an addition is needed. This involves facilities that were on federal mining claims at the time of Statehood and the land subsequently becomes State land. These facilities were allowed under the federal mining laws that were in effect at the time of Statehood but when the land was transferred to the State, the facilities often did not meet the requirements of State law. Even though the owner may have spent thousands dollars constructing the facilities and used them for decades, the only alternative under State law in many instances was for the owner to destroy or remove the facilities. We recommend a minor change to existing statute be added to HB-319 to address this issue with the following change to AS 38.05.035(b)(5)

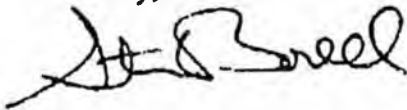
AS 38.05.035. POWERS AND DUTIES OF THE DIRECTOR.

(b) The Director may

(5) when the director determines it is in the best interest of the state and will avoid injustice to a person or the heirs or devisees of a person, dispose of land, by direct negotiation to that person who presently uses and who used and made improvements to that land before January 3, 1959, or to the heirs or devisees of the person; the amount paid for the land shall be its fair market value on the date that the person first entered the land, as determined by the director; a parcel of land disposed of under this paragraph shall be of a size consistent with the person's prior use, but may not exceed ten [five] acres, except where the land involves an airstrip in which case the area may not exceed twenty-five acres.

Thank you for the opportunity to comment on this bill.

Sincerely,



Steven C. Borell, P.E.  
Executive Director

cc. Representative Kelly Wolf  
Representative Nancy Dahlstrom



## HB 319 House State Affairs

810 N St, Ste 203, Anchorage Alaska 99501 / Ph. 907.258.6171 / Fax 907.258.6177  
PO Box 22151, Juneau Alaska 99802 / Ph. 907.463.3366 / Fax 907.463.3312 / [www.acvoters.org](http://www.acvoters.org)

---

**To:** Members of the House State Affairs Committee  
**From:** Matt Davidson, Legislative Director for the Alaska Conservation Voters  
**Date:** February 2, 2004  
**Subject:** HB 319

**HB 319** establishes a new land disposal program within the Department of Natural Resources (DNR) that allows state residents the exclusive right to purchase state lands which they have three consecutive years of prior recreational use. HB 319 is very similar to HB 233, considered in the 22<sup>nd</sup> Legislature. During testimony on HB 233 (22<sup>nd</sup>), the Department of Natural Resources enumerated many concerns with the legislation. Given these and other problems with HB 319, this bill should not move from the House State Affairs Committee.

### **HB 319 Gives Exclusive Purchase Rights**

The proposed program strays from all existing land sale programs by giving individuals the exclusive right to purchase state resources. The vast majority of existing state land sales are currently made through either an auction and/or lottery systems. (Sect 3. (a))

### **HB 319 Encourages Trespass**

The program would encourage people to build illegal cabins and other structures to help demonstrate their use of the land, thereby qualifying for the program. (Sect 4. (g))

### **HB 319 Allows Misuse of Mining Claims**

The existing mining law has a well established criterion for the legitimate granting of title to holders of mining claims. The program described in HB 319 (Sect 4. (g) ) undercuts the current program and could make mining claims a backdoor to gain land not available to all Alaskans.

### **HB 319 Invites Conflict between Potential Owners, Users**

HB 319 doesn't contain a mechanism to deal with conflicts between potential owners and other users of individual recreational lands. Under the bill, DNR will give a preference to the first applicant who establishes recreational use. It is not difficult to imagine a scenario where one user with three annual trips to a prime recreational location would beat out another potential owner with 30 years of use of the same parcel or a business who has a state permit to use the parcel. HB 319 contains no direction of how to settle conflict between potential owners, users.

### **HB 319 Is Costly/Cumbersome to the State of Alaska**

The self selection provision outlined in HB 319 will result in individuals applying for isolated and scattered parcels. Under the current state land sale program, DNR groups parcels and offers them as well planned clusters. The program requires one title check, one best-interest finding and so on, proving to be more efficient than the proposed exclusive-right program.

Alaskans building a better future.

**HB 319 Adversely Effects Wildlife**

Fish and game resources are easily over harvested following the settlement of formerly wild lands and waters. Wildlife which attracts private development will soon be depleted with more continuous pressure to the detriment of occasional campers and private landowners alike.

**HB 319 Fails to Recognize Expense and Threat of Forest Fires**

HB 319 furthers the issue of increased and continuing costs of protecting scattered private cabins from forest fires. The bill adds to the burden of firefighting costs where fires are now simply monitored, but not fought.

**HB 319 Conflicts with Municipality Acreage Requirements**

As stated by DNR, 10 acres is what is generally considered the minimum size for onsite sewage disposal. The proposed program violates municipal platting rules in the Fairbanks North Star Borough and Kodiak Borough.

**HB 319 Consents to Selling Land for Less than Market Value**

The proposal program does not guarantee the state a good return on the sale of prime state land. In fact, Line 7 of Sec.1 states the commissioner may sell land by lottery for less than fair market value of the land on a determination that scarcity of land available in the area makes the market value unrealistic.

Representative  
**HUGH "BUD" FATE**  
Finance Committee  
Energy Council-Executive Committee  
119 N. Cushman St. Suite 213  
Fairbanks, Alaska 99701  
(907) 452-6084  
Fax: (907) 452-6096

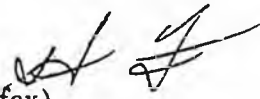
## Alaska State Legislature



While in Session  
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House District 7

### House of Representatives

## Memorandum

To: House State Affairs Committee  
Fm: Representative Hugh Fate   
Cc: Alaska Conservation Voters (via fax)  
Date: February 3, 2004  
Re: Alaska Conservation Voters Memo on HB 319 & Proven High Mineral

---

As requested by the Committee I would like to take this opportunity to response to Alaska Conservation Voters Memo on HB 319, submitted by Matt Davidson, Legislative Director on February 2, 2004.

The H version of HB 319 is language that existed in CS for HB 232 (RES) and served as a starting point based on discussions and amendments from the 22<sup>nd</sup> Alaska Legislature. I felt that this offered a better starting point for this legislature as some of the concerns had already been answered and resolved.

As the Memo was written prior to the amendments adopted as the CS for State Affairs I believe that the issues of, or at least a definition of, Exclusive Purchase Rights, Trespass, and Misuse of Mining Claims have been addressed.

Under the reference and scenario Invites Conflict: to a certain extent that concern has also been addressed in the amendment "...and request a right of first refusal." Since it is only a request, should the scenario conflict arise, the decision will be up to the Commissioner of DNR for resolution. Business issues are already addressed in statute:

AS 38.05.035 Powers and duties of the director states:

(f) **The director shall grant a preference right** to the purchase or lease **without competitive bid** of up to five acres of state land to an individual who has erected a building on the land and used the land for **bona fide business purposes** for five or more years under a federal permit or without the need for a permit and, after selection by the state, under a state use permit or lease, if the business

produced no less than 25 percent of the total income of the applicant for the five years preceding the application to purchase or lease the land. The director shall sell or lease the land at a price determined by the director to represent the current fair market value of the unimproved land but in no event less than the cost of administration including survey if required. If the director determines in a written finding that the purchase or lease of the land would interfere with public use by residents of the area, the director may condition the purchase or lease to mitigate the adverse effects on the public use or may reject the application for the preference right. A lease granted under this subsection may not be for a period in excess of 50 years. In this subsection, "business purposes" means a purpose permitted under the classification of the land at the time the land was entered. (emphasis added)

#### Costly and Cumbersome to the State of Alaska

As the Fiscal note indicates, an annual cost of \$433,000. I concur that those numbers are very close to reality. What the fiscal note does not address, in part because it was generated prior to the proposed amendments, are the advantages to, and therefore the increase in interest of these remote cabin sites. Presently, the Department offers land through the lottery, auction or over the counter sale. Much of the land currently being offered is either extremely remote with very limited access, or has inherent problems to topography to include wetlands. HB 319 will change that by allowing the public to identify sites that are preferred, and are of a more practical and economical size. This preference process will assist the Department by letting them know what people want. As indicated in the fiscal note, the price per acre will increase because of a simple supply and demand scenario meaning the land will have a higher value, conservatively between \$1,000 and \$1,500 per acre or \$5,000 to \$7,500 per site. I believe that once this program is in place the annual statewide demand could exceed 1,000 sites with a higher percentage of sites actually staked. Also because of a better quality of land, there will be a decrease in defaults. Essentially, the income for the state will far exceed the costs. I have attached some scenarios for your consideration.

#### Adversely Effects Wildlife

The wildlife impact is negligible as the five-acre site, combined with buffer zones both in existing statutes and this bill will eliminate an urban type private development situation. Under private ownership, people traditionally treat the wildlife on their property with more, not less respect. In many cases occasional campers are not necessarily the best stewards of the land they use, leaving signs of their visit behind or are there for the specific reason of hunting and fishing.

Expense and Threat of Forest Fires

The current policy of protecting remote cabins from forest fires is to say the least a nice gesture on behalf of firefighters, when in fact there is no requirement to do so.

AS 38.04.010 Public interest in making land available for private use.

(b) State land that is located beyond the range of existing schools and other necessary public services, or that is located where development of sources of employment is improbable, may be made **available for seasonal recreational purposes or for low density settlement**. The seasonal recreation use or low-density settlement shall have sufficient separation between residences so that **public services will not be necessary or expected**. The availability of timber, firewood, and water resources shall be considered in determining separation between residences. By considering the availability of timber, firewood, and water under this subsection or in making any disposal decision, the state does not by virtue of that consideration imply any right of the person receiving the disposal to an exclusive or other right to the timber, firewood, or water, that the state will not make any other disposals in the area, or that any disposals made will be limited in type or any other manner.  
(emphasis added)

Again I would suggest that occasional campers with open fires pose a more serious threat of wildfire, as they have no vested interest in the land nor do they have a permanent type structure to protect.

Conflicts with Municipality acreage

Rules and regulations restricting the size of borough land sites within a borough are applicable on borough owned land. The state presently owns millions of acres that are not within an organized borough. Eventual determination of borough issues should be left in the hands of the land experts on both sides. Should a borough chose to lose the potential property tax base, then that decision is and should be up to the local assembly.

Consents to Selling Land for less than market value

This is language already in existing language and is only referenced in this bill to increase the amount of deposit from five to 10 percent. I believe the increased deposit will serve to impede the default rate. I also reference the definition of Fair Market Value

AS 38.04.910. Definitions.

(3) "fair market value" means the price at which a willing seller and a willing buyer will trade;

Finally on what we are referencing as Amendment # 3- Page 3 line 9-12

We propose a simple solution that addresses two issues presented by the committee.

Line 10 on the H version Line 11 on the Amendment H.1 [~~delete bracketed language~~]

...for mineral values[, except for lands having a proven high mineral potent'ial] based on geophysical survey....

Thank you for the opportunity to respond to this memo. I look forward to continuing discussion on HB 319 as I feel this is an important economic bill that will bring the Alaska dream to many of our residents who will become better stewards of the land they own than the state.

Attachments

# HB 319 Revenue Assumptions

## I. FINANCIAL ASSUMPTIONS

- 1) 2500 Ready Applicants
  - 2) 1000 Ready Willing Buyer
    - A) Three (3) Categories of Buyers:
      - 20 %            100% Cash Purchase/ 0 Financed
      - 20 %            25% Down/50% Financed
      - 60 %            10% Down/90 % Financed
  - 3) Average Price: \$    1,000/acre
  - 4) Investments
    - A) 5% Annual Yield
  - 5) Financing
    - A) 6% Annual Percentage Rate (Prime +2% on loans)
    - B) 10% Down Payment
    - C) 60 Month Term
-

## II. PARCEL ASSUMPTIONS

- 1) Desirable Remote Parcels:
  - a. River Frontage
  - b. Ocean Frontage
  - c. Lakeshore Frontage
  - d. Highway Frontage
  - e. View Properties
  
- 2) Land Characteristics
  - a. Fee Simple Ownership
  - b. 5.0 acres Parcels/Subdividable into (4) 1.25 acre lots
  - c. Some Ground Trans Access (snowmobile, 4-wheeler, boat, vehicle)
  - d. Contracts for Sale/Lease option to purchase
  - e. No State of Alaska Fire Protection
  - f. No State of Alaska "Trail construction or maintenance.
  
- 3) Purchasers bears ALL cost of acquiring Fee Simple Title
  - o Appraisals
  - o Surveys
  - o Title Insurance
  - o Recording Costs
  - o Legal Expenses (documentation)
  
- 4) Purchaser will pay for all site improvements:
  - a. Roads and trail access construction/maintenance
  - b. Structures/Buildings
  - c. Materials/Supplies
  - d. Real Estate Improvements (wells, septic, power, etc.)
  
- 5) The land purchase has Value Added Benefits:
  - a. Labor/Construction
  - b. Materials purchases
  - c. Fuel/energy consumption
  - d. Future Real estate transactions( Resale/subdivision)

### III. NARRATIVE DESCRIPTION

The applicant pays for ALL related expenses of the purchase transaction. They then survey, appraise and purchase the parcel. Because HB 319 opens such large areas, there will be considerable public interest regarding what land is available. There will be some conflicting claims to parcels, specifically where Native Allotments have priority. These parcels can be purchased on a 5 year "lease option" until 2009 when all selections are completed by Native corporations.

Access concerns will be borne by the purchaser. DNR will not be expected to develop or maintain access routes. This new program will place considerable demands on DNR to provide information, particularly through the DNR public information offices in Anchorage, Fairbanks, and Juneau.

DNR will need to provide the public with accurate land status information for millions of acres of state land so the public knows what land is available, including the location of existing third-party interests, mining locations, Mental Health Trust Land, Native allotment locations, and trail and access information.

Specific tasks include:

- 1) DNR develops regulations to implement this disposal of land, establish qualifications, methods for resolving conflicting claims, etc.
- 2) DNR identifies land available for entry under this program-from state and federal status plats based upon state ownership, land classifications, municipal entitlements, existing private lands, Native allotments, etc. They would need to make available existing maps of several million acres available for selection.
  - a. Produce additional maps from existing supply.
  - b. Print and distribute maps
- 3) Purchaser stakes parcel, orders and pays for: survey, appraisal, recordation and documentation.
- 4) DNR approves a list of qualified appraisors and surveyors acceptable to the State of Alaska. That list will be provided to the purchasers to choose these services. Since these individuals are already approved by DNR, a review of their work will not be necessary. Appraisals and surveys will not be accepted by the State of Alaska from any individual who has not be qualified and accepted by the State of Alaska.

FY04 and following years- staking period opens-assume staking and filing period starts summer 2004 and continues indefinitely. (1) Staff positions for Public Information Office and (1) staff position to keep land status maps current; Cartographer (Anchorage), (2) staff positions to review and process applications (Fairbanks), (1) staff position for Public Information Office in Juneau, (1) staff position to issue deeds and conduct related title searches.

- 1) DNR Public Information Office staff to field program inquiries
- 2) DNR accepts applications, certifies they qualify.
- 3) DNR reviews and approves applications and land available for selection.
- 4) DNR issues title documents

The purchaser performs the remaining functions and pays for the cost of implementation and acquisition of fee simple title.

**2004**  
**COMPARABLE SALES**  
(Average price/acre: Remote Parcels)

<b>I. VERY REMOTE PARCELS (fly in only)</b>			
a. Twin Lakes (Brooks Range)			
40 acres @ \$40,000	=		\$ 1,000/acre
b. Novy River "swampy" (Nuwitna)			
80 acres @ \$75,000	=		\$ 937/acre
c. Sand Lake "swampy" (Tok)			
50 acres @ 65,000	=		\$ 1,300/acre
<b>II. REMOTE PARCELS (limited access)</b>			
a. Clear, Ak			
70 acres @ \$45,000	=		\$ 642/acre
b. East Twin/West Twin Lakes (Woodriver)			
5 acres @ \$20,000	=		\$ 4,000/acre
c. Kendamina (Manley Flats)			
3 acres @ \$12,000	=		\$ 3,000/acre
<b>III. DESIRABLE PARCELS (Waterfront lots, No road access)</b>			
a. Delta Clearwater			
7 acres @ \$20,000	=		\$2,857/acre
5 acres @ \$25,000	=		\$5,000/acre
b. Good Pasteur River			
4.19 acres @ \$30,000	=		\$7,159/acre
c. Chena Angler Subdivision			
5 acres @ \$50,000	=		\$10,000/acre
<b>IV. HIGHLY DESIRABLE PARCELS (Lakefront, Road access)</b>			
a. Paxson Lake			
5 acres @ \$80,000	=		\$16,000/acre
5 acres @ \$50,000 (* 2 <sup>nd</sup> Tier lots)	=		\$10,000/acre
b. Fielding Lake			
5 acres @ \$35,000	=		\$ 7,000/acre

V. NATIVE ALLOTMENTS (VERY REMOTE)

a. Salmon Trout (Porcupine River) "Steep embankments" very remote 160 acres @ \$75,000	=	\$ 468/acre
b. (Nuwitna area) 80 acres @ \$75,000	=	\$ 937/acre
c. George Lake (Tok area) 40 acres @ \$60,000 (BIA appraised)	=	\$1,500/acre
10 acres @ \$30,000 (Waterfront lots)	=	\$3,000/acre

- The average price per acre on Native Allotments is \$500/acre. These parcels are large in size and very rural. They also have very limited access. These parcels take considerable time to sell and are equivalent to parcels offered in the past by DNR. These parcels are not as desirable to the average buyer, thus a per acre price of \$500 - 1000/ acre is reflected
- The average price per acre of \$1,000 for non-native allotment parcels is low and considered to be a conservative estimate of the value per acre for the types of parcels that would be selected. Most parcels selected will appraise and sell in excess of \$2,500/acre.

Data was provided by AK-Land (Robert A. Fox)

**REVENUE PROJECTION  
FY 05**

<b>I.</b>	<b>SALES REVENUE (1/1/05 – 1/31/05)</b>		
	<b>A. CASH SALES</b>		
	[ 200 Parcels x 5.0 acres/ parcel x \$1,000/acre] =		\$1,000,000
	<b>B. 50% CASH SALES</b>		
	[ 200 Parcels x 5.0 acres/parcel x \$1,000/acre] =		\$ 250,000
	<b>C) 10% DOWN SALES</b>		
	[ 600 Parcels x 5.0 acres/parcel x \$1,000/acre] =		\$ 300,000
			-----
	<b>TOTAL FY05 SALES REVENUE</b>		<b>\$1,550,000</b>
<b>II.</b>	<b>INTEREST INCOME (5% return)</b>		
	<b>A. CASH SALES</b>		
	[ \$1,550,000; 12mo. @ 5% compound daily)		
	Interest Income FY05 =		\$ 79,300
<b>III.</b>	<b>FINANCE REVENUES (1/1/05 – 12/31/05)</b>		
	<b>A. CASH SALES</b>		
			\$ 0
	<b>B. 25% CASH SALES/75% FINANCED</b>		
	[ 200 Parcels; \$3,750 @ 6%, 60 mo.]		
	Finance Income FY05 =		\$ 41,380
	<b>C. 10% DOWN SALES/90% FINANCED</b>		
	[ 600 Parcels; \$4,500 @ 6%, 60mo		
	Finance Income FY05 =		\$ 149,016
			-----
	<b>TOTAL FY05 FINANCE INCOME</b>		<b>\$ 190,396</b>
	<b>TOTAL PROJECTED REVENUE FY05</b>	<b>=</b>	<b>\$1,819,696</b>

## HB 319 RECREATIONAL CABIN SITES

### FY05 REVENUE PROJECTIONS BACKUP

A.	CASH SALES	(1/1/05)	DEPOSIT	=	\$1,000,000
B.	25% CASH SALES	(1/1/05)	DEPOSIT	=	\$ 250,000
C.	10% DOWN SALES	(1/1/05)	DEPOSIT	=	\$ 300,000
	TOTAL DEPOSITS to PRINCIPAL			=	\$1,550,000
D.	INTEREST INCOME OF INVESTMENT (5%) 12 mo.			=	\$ 79,300
E.	FINANCE INCOME ON LOANS (6%)				
	Accrued Interest	(206.90/yr x 200, \$(3,750 loans)		=	\$ 41,380
	Accrued Interest	(206.16/yr x 600, \$4,500 loans)		=	\$ 119,016
	TOTAL FINANCE INCOME			=	\$ 190,396

**TOTAL REVENUE PROJECTED FOR FY05 = \$1,819,696**