

HB

296

<TARGET><BILL>HB 296</BILL><SUBJECT>HB
296</SUBJECT><COMM>HSTA28</COMM></TARGET>

ALASKA STATE LEGISLATURE

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REPRESENTATIVE GABRIELLE LEDOUX
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MEMORANDUM

Date: March 13, 2014

From: Rep. LeDoux

To: Rep. Lynn, House State Affairs Committee

Subject: Hearing Request HB 296

Please schedule a hearing for House Bill 296 in the House State Affairs Committee. This legislation provides qualified lease-holders with a preference right to purchase certain state land without competitive bid.

A formal Hearing Request, Sponsor Statement, copy of the original bill, copy of the most recent committee substitute, an explanation of changes between versions and fiscal note are included with this request.

Thomas Brown is the staffer assigned to this legislation and can be reached at 907-465-4998.

Gabrielle LeDoux

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SPONSOR STATEMENT

HOUSE BILL 296

"An act providing for certain individuals who have erected a building on land leased from the state to receive a preference right to purchase certain state land without competitive bid."

House Bill 296 creates a new preference right for individuals holding a state lease to purchase the land before the State conveys the land to a municipality. In order to obtain a preference right, the individual must have invested in the land, erected a building on the land, and derived at least 25% of their total income from the land over the previous ten years. This preference right to purchase is without competitive bid and the land shall be sold to the applicant at a fair market value.

I encourage your support on HB 296.

| PAGE, LINE | 28-LS13758\A | 28-LS1375\U |
|----------------------------|--------------------------|---|
| Page 2, Line 9 | "an active..." | "a valid" |
| Page 2, Line 10 | "on which there is a..." | "that has a..." |
| Page 2, Lines 10-11 | | Clarifies that the state-issued land lease had been issued competitively |
| Page 2, Line 12 | | Clarifies that the municipal entitlement is a "land selection" |
| Page 2, Line 13 | | Adds the word "further" |
| Page 2, Line 13 | | Removes the word "leasee" |
| Page 2, Lines 14-17 | | Clarifies the conditions under which an individual will be granted a preference right |
| Page 2, Lines 17-19 | | Provides for a time limit within which to apply for the preference right (120 days) |
| Page 2, Line 19 | | Adds "If the director grants the preference right..." |
| Page 2, Lines 21-22 | | References the appraisal statute AS 38.05.840 |
| Page 2, Line 25 | | References the statute that outlines how a written determination is administered |
| Page 2, Lines 26-30 | | Inserts provision for compensating municipalities for land purchased by a leaseholder with a preference right |

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: HB 296
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB296-DNR-MLW-2-28-14
Title: STATE LAND DISP./LEASEHOLDER
PREFERENCE
Sponsor: LEDOUX
Requester: Community & Regional Affairs

Department: Department of Natural Resources
Appropriation: Land & Water Resources
Allocation: Mining, Land & Water
OMB Component Number: 3002

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

| | FY2015 Appropriation Requested | Included in Governor's FY2015 Request | Out-Year Cost Estimates | | | | | |
|-------------------------------|--------------------------------------|--|-------------------------|------------|------------|------------|------------|------------|
| | | | FY 2015 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 |
| OPERATING EXPENDITURES | | | | | | | | |
| Personal Services | | | | | | | | |
| Travel | | | | | | | | |
| Services | | | | | | | | |
| Commodities | | | | | | | | |
| Capital Outlay | | | | | | | | |
| Grants & Benefits | | | | | | | | |
| Miscellaneous | | | | | | | | |
| Total Operating | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Fund Source (Operating Only)

| | | | | | | | | |
|--------------|------------|------------|------------|------------|------------|------------|------------|------------|
| None | | | | | | | | |
| Total | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Positions

| | | | | | | | | |
|-----------|--|--|--|--|--|--|--|--|
| Full-time | | | | | | | | |
| Part-time | | | | | | | | |
| Temporary | | | | | | | | |

| | | | | | | | | |
|---------------------------|--|--|--|--|--|--|--|--|
| Change in Revenues | | | | | | | | |
|---------------------------|--|--|--|--|--|--|--|--|

Estimated SUPPLEMENTAL (FY2014) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2015) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed? N/A

Why this fiscal note differs from previous version:

| |
|-----------------|
| Initial Version |
|-----------------|

| | |
|---|----------------------------------|
| Prepared By: <u>Brent Goodrum, Director</u> | Phone: <u>(907)269-8600</u> |
| Division: <u>Division of Mining, Land and Water</u> | Date: <u>02/28/2014 12:00 PM</u> |
| Approved By: <u>Joe Balash, Commissioner</u> | Date: <u>02/28/14</u> |
| Agency: <u>Department of Natural Resources</u> | |

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. HB296

Analysis

Section 2 adds an additional non-competitive preference right under AS 38.05.035(p) for entities that have state leases on land where there is an active municipal entitlement selection to purchase up to five acres of those leased lands. The preference right sale is mandatory except for one condition that allows for rejection if there is interference with public use by residents of the area. The lessee must meet certain criteria to qualify for the preference right. The Department of Natural Resources (DNR) would separately account for the revenue from the sale and the legislature may appropriate the proceeds to the municipality that selected the land.

Section 2 also adds a new subsection AS 38.05.035(q) which clarifies the type of business purpose used to qualify for the preference right applies to preference rights sales under AS 38.05.035(f) and (p). Section 1 makes a conforming amendment to AS 38.05.035(f) to reflect this change.

DNR does not anticipate needing additional resources to fulfill the provisions of the bill. DNR does not anticipate any loss of revenue from these lands as the lease revenues would have transferred to the municipality if conveyed and if sold under the preference right, the sales will be conducted at appraised fair market value.