

SB

106

<TARGET><BILL>SB 106</BILL><SUBJECT>SB
106</SUBJECT><COMM>HSTA28</COMM></TARGET>

Alaska State Legislature



Interim:

716 West 4th Avenue, Room 410
Anchorage, Alaska 99501
(907) 269-0199 Phone
(907) 269-0197 Fax

Session:

State Capitol Building, Room 518
Juneau, Alaska 99801-1182
(907) 465-4945 Phone
(907) 465-3476 Fax

Senator Kevin Meyer Senate District L

SPONSOR STATEMENT **SENATE BILL 106**

Senate Bill 106 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 SB 106.

SB 106: “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.”

Changes from the original bill to the CSSB 106 (STA)

| PAGE, LINE | 28-LS0864\U | 28-LS0864\C |
|---------------------|--------------------------|---|
| 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 AS 38.05.035(e) |
| Page 2, Lines 26-30 | | Inserts a provision for compensating municipalities for land purchased by a leaseholder with a preference right |

CSSB 106 (STA) tightens up some of the language in the original bill and has 2 substantive changes:

- 1: Language on page 2, lines 26-30 was added to provide for the effect of a preference right sale on a municipal entitlement land selection.
2. Includes a specific time period during which an application can be filed for the preference right, which is 120 from the date of notification of a municipal entitlement land selection.

LEGAL SERVICES

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

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101


State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

October 31, 2013

SUBJECT: Effect of a municipal land entitlement when a preference to purchase the land is exercised (Work Order No. 28-LS0864\U)

TO: Senator Kevin Meyer
Attn: Edra Morledge

FROM: 
Donald M. Bullock
Legislative Counsel

Enclosed is a bill that authorizes the grant of a preference to purchase state land that is included in an active municipal entitlement selection. If the preference is granted and the land is sold under the preference, the land would be sold before the state transfers the selected land to the municipality. Subject to appropriation, the proceeds received by the state from the sale would be paid to the municipality.

Basically, the land subject to and sold under the preference would not be available for transfer to the municipality because the sold land is no longer state land. However, the municipality may receive money from the sale (if appropriated). What is the effect of the sale on the municipal entitlement?

Consider the following situations and questions:

1. If the state sells the land and appropriates the full amount of the proceeds to the municipality, is the acreage sold under the preference credited against the entitlement? In other words, if five acres are sold and the municipality receives the proceeds from the sale, are five acres credited against the municipal entitlement?
2. If the state sells the land and does not appropriate the full amount of the sale proceeds or appropriates no money to the municipality, how does the sale of the land affect, if at all, the amount of land to which the municipality is entitled?
3. Can a municipality reject the appropriation from the sale and select an additional amount of land equal to the amount of land sold by the state under the preference?

Senator Kevin Meyer
October 31, 2013
Page 2

4. Should a municipality have the option to remove land subject to the preference from its land selection? If so, should the director notify the municipality after an application for the preference has been received?

5. Rather than continuing to include land subject to the preference within the municipal entitlement selection, should that land be removed from state land that is available for selection by the municipality?

The bill only addresses a preference on land already selected by a municipality for transfer. The overriding question is what is the effect of the sale of state land under the preference on the municipal entitlement?

Please advise on how the bill should address the effect of the amount of land sold under the preference on the amount of land a municipality is entitled to receive from the state.

DMB:ray
13-027.ray

Enclosure

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: CSSB 106(STA)
Fiscal Note Number: 1
(S) Publish Date: 2/26/14

Identifier: SB106-DNR-MLW-2-22-14
Title: STATE LAND DISP./LEASEHOLDER
PREFERENCE
Sponsor: MEYER
Requester: Senate State 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 | Included in | Out-Year Cost Estimates | | | | |
|-------------------------------|-------------------------|---------------------------|-------------------------|------------|------------|------------|------------|
| | Appropriation Requested | Governor's FY2015 Request | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| OPERATING EXPENDITURES | FY 2015 | FY 2015 | | | | | |
| 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 |

Fund Source (Operating Only)

| | | | | | | | |
|--------------|------------|------------|------------|------------|------------|------------|------------|
| None | | | | | | | |
| Total | 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: | Wyn Menefee, Chief of Operations | Phone: | (907)269-8501 |
| Division: | Mining, Land and Water | Date: | 02/22/2014 12:00 PM |
| Approved By: | Joe Balash, Commissioner | Date: | 02/22/14 |
| Agency: | Department of Natural Resources | | |

FISCAL NOTE ANALYSIS #1

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. CSSB 106(STA)

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.