

SB

106

<TARGET><BILL>SB 106</BILL><SUBJECT>SB
106</SUBJECT><COMM>SSTA28</COMM></TARGET>

**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 1/22/14

FURTHER: (Aulos)

Date of 5-Day Notice: 2-20-14
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 2-25-14

State Affairs Committee considered SENATE BILL NO. 106

SB 106-STATE LAND DISP./LEASEHOLDER PREFERENCE

"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."

and recommends:

- be replaced with CS SB 106 (STA) Same Title New Title
- adopt previous CS _____ (_____) Same Title New Title
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

Dept Abbr.	
ADM	LWF
CED	LAW
COR	LEG
CRT	MVA
EED	DNR
DEC	DPS
DFG	REV
GOV	DOT
DHS	UA

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
DNR			✓	1

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Wielechowski			✓	
	Riessel	✓			
CHAIR:	Dyson	✓			

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
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(907) 465-3476 Fax

Senator Kevin Meyer Senate District L

TO: Senator Dyson, Chair
Senate State Affairs Committee

FROM: Senator Kevin Meyer, Co-Chair *K*
Senate Finance Committee

DATE: January 28, 2014

RE: Request to Schedule SB 106

With this memorandum, I respectfully request the scheduling of SB 106 in the Senate State Affairs Committee. This legislation would create a preference right for certain individuals holding a state lease to purchase the land before the State conveys the land to a municipality.

Attached to this memorandum please find:

- Sponsor Statement
- SB 123, Version 28-LS0864\U

If you have any questions, please contact my staff member assigned to this bill, Edra Morledge at 465-6874.

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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.

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: SB 106
Fiscal Note Number: _____
() Publish Date: _____

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	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
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

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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

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. SB106

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.

PAGE, LINE	28-LS0864\U	28-LS0864\N
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