

LEG. FINANCE - BILLS 1983 - 1984 1838

HB 142 cont. - HB 148

1838



## DIPAROD TRAIL COMMITTEE, INC

2. Insurance where required
3. Meals, lodging and miscellaneous expenses of pilots
4. Charters and commercial flights used to haul supplies, people and dogs in place of our own volunteer pilots.

HEADQUARTERS - Cost of setting up, maintaining and closing of an information or sales outlet prior to and during the race. The Wasilla office is excluded. Last year, it included the Boniface Center, Anchorage Sheraton, Fairbanks, and Nome headquarters. Expenses to consider:

1. Rental space, decoration and advertising.
2. Cost of telephones and other communications.
3. Office supplies.
4. Food, gas, parking and other miscellaneous expenses.



# IDITAROD TRAIL COMMITTEE, INC

IDITAROD TRAIL COMMITTEE, INC.

ADJUSTED EXPENSES TO SHOW ACTUAL COST  
May 1, 1981 to April 30, 1982

ITEM	CASH BASIS 5/1/81-4/30/82	LESS '80-'81 ACCTS. PAY.	PLUS '81-'82 ACCTS. PAY.	ACTUAL COST FOR YEAR ENDED 4/30/82
<b>ADMINISTRATIVE EXPENSES</b>				
Travel & Meetings	\$ 6451		\$ 313	\$ 6764
Wages & Commissions	39129			39129
Taxes	518			518
Telephone	4911			4911
Supplies & Postage	1411	\$ 897	187	701
Stationary & Printing	4806	1072		3734
Runner Publication	6798		1475	8273
Legal	708	455	8175	8438
Insurance	3937			3937
Misc.	5564	217	558	5905
	<u>74233</u>	<u>2631</u>	<u>10708</u>	<u>82310</u>
<b>DIRECT RACE EXPENSES</b>				
Mail	11375	1951		9424
Films	4338		4826	9164
Checkers & Officials	26027	1444	445	25028
Veterinarian	1517		4973	6490
Transportation	23333	10605	11909	24637
Prize money	100000			100000
Copies	7837	4887		2950
Headquarters	10296	3162	1525	8659
Banquets	29454	16310	4955	18099
Misc.	4011	1626	3187	5572
Unallocated		5762	3450	[2312]
	<u>218188</u>	<u>45747</u>	<u>35270</u>	<u>207711</u>
<b>INDIRECT RACE EXPENSES</b>				
Merchandise	68392	22851	38137	83678
Advertising & Public Rel.	8535	172	2256	10619
Sweepstakes	62731	1049	409	62091
Misc.	3482	870		2612
	<u>143140</u>	<u>24942</u>	<u>40802</u>	<u>159000</u>
<b>TOTAL</b>	<b>\$435561</b>	<b>\$ 73320</b>	<b>\$ 86780</b>	<b>\$449021</b>



# IDITAROD TRAIL COMMITTEE, INC

IDITAROD TRAIL COMMITTEE, INC.  
1982-1983 PROPOSED BUDGET

TOTAL INCOME	
Sweepstakes	\$100000
Entry fees	45000
Media Sales	14500
Sponsors	88500
Grants (30 + 25 new)	55000
Plaques	10000
Memberships	15000
Sales	120000
Banquet	25000
Misc. & Benefits	7500
	<u>480500</u>

ADMINISTRATIVE EXPENSES	
Wages & Commissions	57060
Travel & Meetings	7000
Telephone (Wasilla & Anch.)	5000
Supplies & Postage	1000
Stationary & Printing	4000
Runner Publication	5000
Legal	1500
Insurance	4500
Misc.	6500
	<u>98560</u>

DIRECT RACE EXPENSES	
Trail	15000
Hams	11600
Checkers & Officials	26000
Vets	6000
Airforce	30000
Prize money	100000
Trophies	3000
Headquarters	18900
Banquets	23100
Misc.	9000
	<u>242600</u>

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**



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Misc. & Benefits	7500
	<u>480500</u>

ADMINISTRATIVE EXPENSES	
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Telephone (Wasilla & Anch.)	5000
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Stationary & Printing	4000
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Legal	1500
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	<u>242600</u>



# DITAROD TRAIL COMMITTEE, INC

## INDIRECT RACE EXPENSES

Merchandise	80000
Advertising & Public Rel.	10000
Sweepstakes	35000
Misc.	2600
	<u>127600</u>

TOTAL EXPENSES

\$ 468760

INCOME

\$ 480500

Less: '82 Debt

86800

'83 Budget

468760

NET LOSS

\$ <75060>

Introduced: 1/28/83  
Referred: Labor & Commerce  
and Finance

Funding Information  
General Fund \$113,050  
Other Funds -0-  
\$113,050

1 IN THE HOUSE

BY LARSON AND FULLER

2

HOUSE BILL NO. 142

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act making a special appropriation to the Department of Commerce and Economic Development for payment as a grant for the Iditarod Trail Committee, Inc., for expenses of conducting the 1984 Iditarod sled dog race; and providing for an effective date."

10

11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

12 \* Section 1. The sum of \$113,050 is appropriated from the general fund  
13 to the Department of Commerce and Economic Development for payment as a  
14 grant for the Iditarod Trail Committee, Inc., for expenses of the 1984  
15 Iditarod sled dog race.

16 \* Sec. 2. The appropriation made by this Act shall be disbursed in  
17 accordance with AS 37.05.315 - 37.05.319.

18 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.-  
19 10.070(c).

Offered: 3/11/83  
Referred: Finance

Original sponsors: Larson and Fuller

Funding Information  
General Fund \$65,050  
Other Funds -0-  
\$65,050

BY THE LABOR AND  
COMMERCE COMMITTEE

1 IN THE HOUSE

2

CS FOR HOUSE BILL NO. 142 (L&C)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

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A BILL

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For an Act entitled: "An Act making a special appropriation to the Department of Commerce and Economic Development for payment as a grant for the Iditarod Trail Committee, Inc., for expenses of conducting the 1984 Iditarod sled dog race; and providing for an effective date."

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\* Sec. 3. This Act takes effect immediately in accordance with AS 01.-10.070(c).

19

# Alaska State Legislature

RONALD L. LARSON  
DISTRICT 16B

POUCH V  
JUNEAU, ALASKA 99811  
(907) 463-1527



BOX 53  
PALMER, ALASKA 99645  
(907) 745-3826

## House of Representatives

June 24, 1983

### MEMORANDUM

TO: Senator Frank Ferguson  
FROM: Representative Ron Larson *R.L.*  
SUBJECT: HB 142

The sum of \$65,050 is needed for an appropriation to the Department of Commerce & Economic Development for payment as a grant to the Iditarod Trail Committee, Inc., for the expenses of the 1984 Iditarod Sled Dog Race.

For you information, the following summary of expenses that are needed:

- 9,850.00 - Medical care and drug testing, with a random sampling of drugs
- 5,050.00 - Insurance for volunteer aircraft that is used during the race
- 4,750.00 - Radios to respond to problems and emergencies that occur
- 10,400.00 - Two double track snow machines for surveillance and emergencies
- 35,000.00 - Contribution to prize money of \$100,000 total
- \$65,050.00 - TOTAL EXPENDITURES FOR 1984 IDITAROD SLED DOG RACE

The total budget for the 1984 Iditarod Race is approximately \$500,000. The above breakdown easily identifies areas for audit purposes.

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y - STATE CAPITOL

JUNEAU, ALASKA 99811

907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 30, 1984

SUBJECT: Iditarod Appropriation  
(HB 142)

TO: Representative Ron Larson

FROM: *LHA* Linn H. Asper  
Legislative Counsel

It has come to my attention that the Department of Commerce and Economic Development (DC & ED) has taken the position that it is not the appropriate department to administer the grant to the Iditarod Trail Committee contained in HB 142. My information is that DC & ED feels that it cannot receive the appropriation because it does not have the power to make grants. However, in its present format HB 142 does not establish a grant program to be operated by the department. Instead it is a grant from the legislature to a named non-municipal grant recipient. Under AS 37.05.316 such grants must be administered by a department. Thus, DC & ED is not being required to make the grant, only to administer it. This administration function is a common one, exercised by DC & ED and other departments all the time.

Another related question is whether this grant might be more appropriately administered by another department, in terms of the subject matter of the grant. I considered this question when I prepared the bill for you and decided that the Iditarod Race was a promotional event more akin to the tourism function of the DC & ED than the responsibilities of the Department of Natural Resources, the only other likely candidate for the administration job. Since an amendment to change the administering department would require the bill to go back to the House of Representatives for a title change, and since the DC & ED has the power to administer the grant and seems to be the logical choice to do so, I believe the bill should remain in its present form.

LHA:ojb



Offered: 3/11/83  
Referred: Finance

Original sponsors: Larson and Fuller

Funding Information  
General Fund \$65,050  
Other Funds -0-  
\$65,050

BY THE LABOR AND  
COMMERCE COMMITTEE

1 IN THE HOUSE

2

CS FOR HOUSE BILL NO. 142 (L&C)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

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THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

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For an Act entitled: "An Act making a special appropriation to the Department of Commerce and Economic Development for payment as a grant for the Iditarod Trail Committee, Inc., for expenses of conducting the 1984 Iditarod sled dog race; and providing for an effective date."

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19

AGENDA

SENATE FINANCE COMMITTEE

January 31, 1984

January 31 - 9:00 a.m. - Senate Finance Committee Room

CSHB 142 - An Act making a special appropriation to the  
(L&C) Department of Commerce and Economic Development  
for payment as a grant for the Iditarod Trail  
Committee, Inc., for expenses of conducting  
the 1984 Iditarod sled dog race.

- Assigned to:  
Sen. Ferguson

CSHB 142 (L&C)

"An Act making a special appropriation to the Department of Commerce and Economic Development for payment as a grant for the Iditarod Trail Committee, Inc., for expenses of conducting the 1984 Iditarod sled dog race; and providing for an effective date."

The department takes no position on the appropriation of \$62,050 to the Iditarod Trail Committee. It must, however, be pointed out that the Department of Commerce and Economic Development has no granting authority and cannot support this measure which names the department as the pass-through agency for a designated grant.

 1/30/84

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Richard A. Lyon, Commissioner

STATE OF ALASKA  
Interdepartmental Route Slip

TO: Mail Station 3100	Department Legislature
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Attention Senate Finance

- |  |   |
|--|---|
| <input type="checkbox"/> Approval      | <input type="checkbox"/> Note & Return        |
| <input type="checkbox"/> Signature     | <input type="checkbox"/> Initial & Return     |
| <input type="checkbox"/> Comment       | <input type="checkbox"/> Return as Requested  |
| <input type="checkbox"/> Contact Me    | <input type="checkbox"/> Return for Approval  |
| <input type="checkbox"/> Prepare Reply | <input type="checkbox"/> Necessary Action     |
| <input type="checkbox"/> For Your File | <input type="checkbox"/> For Your Information |

Remarks:

FROM: Mail Station 0500	Department Commerce
By Waller	Date 4/31



# IDITAROD TRAIL COMMITTEE, INC

March 16, 1983

Representative Ronald L. Larson  
State of Alaska  
Pouch V  
Juneau, Alaska 99811

Dear Representative Larson:

Enclosed please find the information concerning Iditarod. I have enclosed the actual 1982 race expenses and the 1983 proposed budget.

Thanks again for your support for Iditarod.

Best Regards,

Bob Sept, DVM  
President, Iditarod Trail Committee

RJS:slh



# IDITAROD TRAIL COMMITTEE, INC

IDITAROD TRAIL COMMITTEE, INC.

## EXPLANATION OF DIRECT RACE EXPENSES

**TRAIL** - Expenses related directly to the clearing and marking of the trail from Anchorage to Nome. It includes the expenses relating to the start, restart and finish line. Expenses to consider are:

1. Fees, permits, deposits required by the BLM, Dept. of Revenue or other governmental agencies.
2. Materials such as fencing, snow removal or hauling, port-a-cans at the start and restart.
3. Costs of repairing snowmachines and other equipment used in trail breaking and marking.
4. Expenses, wages and supplies charged by persons clearing and marking the trail.
5. Miscellaneous, such as air support, refrigeration for food and supplies

**CHECKERS & OFFICIALS** - Expenses relating directly to checkers and the Race Manager, Coordinator, Marshall and Judges. Last year the breakdown was as follows:

1. Wages and contracted expenses for the Race Manager, Coordinator, Marshall and Judges: \$17,000 or 68%
2. Meals and lodging for the above officials: \$7,085 or 27%
3. Miscellaneous supplies used at checkpoints: \$750 or 2%
4. Transportation for checkers: \$500 or 2%

**TOTAL EXPENSES** were \$26,035 or 100%

**HAMS & VETS** - Both groups submitted their own budgets and are normally very accurate.

**AIR TRANSPORTATION** - Cost of air transportation for distributing dog food and supplies along the trail, moving of race officials and other authorized personnel; and pick up and hauling of dropped dogs. Expenses include:

1. Fuel



## DITAROD TRAIL COMMITTEE, INC

2. Insurance where required
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HEADQUARTERS - Cost of setting up, maintaining and closing of an information or sales outlet prior to and during the race. The Wasilla office is excluded. Last year, it included the Boniface Center, Anchorage Sheraton, Fairbanks, and Nome headquarters. Expenses to consider:

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<b>TOTAL</b>	<b>\$435561</b>	<b>\$ 73320</b>	<b>\$ 86780</b>	<b>\$449021</b>



# IDITAROD TRAIL COMMITTEE, INC

IDITAROD TRAIL COMMITTEE, INC.  
1982-1983 PROPOSED BUDGET

## TOTAL INCOME

Sweepstakes	\$100000
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Grants (30 + 25 new)	55000
Plaques	10000
Memberships	15000
Sales	120000
Banquet	25000
Misc. & Benefits	7500
	<u>480500</u>

## ADMINISTRATIVE EXPENSES

Wages & Commissions	57060
Travel & Meetings	7000
Telephone (Wasilla & Anch.)	5000
Supplies & Postage	1000
Stationary & Printing	4000
Runner Publication	5000
Legal	1500
Insurance	4500
Misc.	6500
	<u>98560</u>

## DIRECT RACE EXPENSES

Trail	15000
Hams	11600
Checkers & Officials	26000
Vets	6000
Airforce	30000
Prize money	100000
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Headquarters	18900
Banquets	23100
Misc.	9000
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# DIPAROD TRAIL COMMITTEE, INC

## INDIRECT RACE EXPENSES

Merchandise	80000
Advertising & Public Rel.	10000
Sweepstakes	35000
Misc.	2600
	<hr/>
	127600

TOTAL EXPENSES

\$ 468760

INCOME

\$ 480500

Less: '82 Debt

86800

'83 Budget

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468760

NET LOSS

\$ <75060>

IDITAROD REVISED BUDGET

HB 141 - An Act making a special appropriation to the Department of Commerce & Economic Development for payment as a grant for the Iditarod Trail Committee, Inc., for construction of a permanent Iditarod sled dog race headquarters; and providing for an effective date. - \$422,800

Land (26,000)

The Iditarod Trail Commission are optimistic that the land will be donated

Tables, benches, landscaping, artwork, etc. (7,800)

It is expected that many of these will be either donated or worked on by volunteers

Revised appropriation - \$389,000

HB 142

- An Act making a special appropriation to the Department of Commerce & Economic Development for payments as a grant for the Iditarod Trail Committee, Inc., for expenses of conducting the 1984 Iditarod sled dog race; and providing for an effective date. - \$113,050

Eliminate need of Maule M-6 (48,000)

Airplane

Revised appropriation \$ 65,050



# IDITAROD TRAIL COMMITTEE, INC

January 19, 1983

Ronald L. Larson  
Alaska State Legislature  
Pouch V (MS 3100)  
Juneau, Ak. 99811

Dear Mr. Larson:

Iditarod '83 will start our second decade of the longest sled dog race in the world. And, quite frankly, we are proud of our contribution to promoting Alaska and long distance sled dog racing. Our emphasis has always been on strict rules regarding treatment of dogs on the trail and sportsmanship among the mushers. ITC has always wanted to reflect the most positive image possible on both the Iditarod and the State of Alaska.

This race we are expecting a record breaking number of mushers to sign up. In addition to the teams, we have hundreds of volunteers working hundreds of hours seeing to the details of the race from Anchorage to Nome. Our volunteers give of their time and many put expensive equipment, such as HAM radios and airplanes, on the line for us. People from every walk of life, lawyers, veterinarians, pilots, trappers, engineers clerks, subsistence dwellers, all join together in a special camaraderie.

Our news media coverage is international. The race has been filmed and reported by the British, Spaniards, Canadians, Germans, and we are working with STV in Japan on the possibility of filming Iditarod '83. CBS and ABC have covered the race. The thirty minute ABC 20/20 show last spring on the race and Susaa Butcher has prompted inquiries from all over the lower 48.

The January issue of GEO Magazine has an article on Iditarod. National Geographic will follow with a story in their March issue. And once again, CBS has international rights to live coverage of Iditarod '83.

Iditarod Sled Dog Race has become a year 'round business. Although we have tremendous sponsors for the race, we must turn to the State again and hope you merit our contributions to tourism and State exposure worthy of support of our two proposals.

The first proposal deals with the race itself. These requests are ones we feel will enhance the quality, safety, and organization of the Iditarod.

Our second proposal is for a much needed permanent headquarters. This building would include our offices, a sales outlet, and a museum.

IDITAROD TRAIL COMMITTEE, INC.

POUCE X

WASILLA, AK. 99687

GRANT PROPOSAL

*add for draft*

IDITAROD '64

MEDICAL CARE AND DRUG TESTING PROGRAM FOR DOGS

Our veterinarians try to be at every checkpoint to check and administer any needed care to the dogs. The vets have the final say on a dog continuing in the race. They also have medical supplies available to treat minor irritations and injuries. And, as our rules state, any dog that expires on the trail must have an autopsy.

Because of the rich purse and intense competition among mushers, ITC makes it a priority to keep drugs from being used on a dog. The vets have a right to randomly check dogs during the race for drugs. Then all dogs are checked at the end of the race. These samples are sent to Cornell University in New York for analysis.

For medical supplies, autopsies, drug testing supplies, sample shipping cost, and analysis.

Cost.....\$9,850.00

IDITAROD AIR FORCE

Our trail Air Force is composed of volunteers who are willing to fly their planes along the trail to move dog food, vets, hams, dropped dogs, race officials, and any other person or object needing to go from checkpoint to checkpoint. Because of the financial restrictions on the Iditarod, we have never been able to provide the full protection the private pilot needs. Airplanes and parts have become so expensive, we can no longer recruit pilots and expect them to "outofpocket" any damage to their plane while flying for the Iditarod.

Full coverage aviation insurance for Iditarod Air Force during March.....\$5,050.00

## AIRCRAFT

Each year our trail manager must start earlier flying up the trail. Checkpoints and checkers must be secured. Trail breaking, marking, and maintenance must be coordinated. All of this is done before the race.

During the race, it is becoming essential ITC have a plane at our disposal. Each year brings different emergencies. We must get our Race Marshal to a checkpoint, or a doctor in to treat an injured musher, or a vet to an injured dog. To ensure the safety of our mushers and their teams, the enforcements of our rules, and a organized operation, we are requesting funding for a Maule M-6 airplane.

Cost.....\$48,000.00

## RADIOS

For better communications so we are able to respond to problems and emergencies, we need high frequency portable radios. These radios may be used by our pilots or ground crews.

Four (4) HF Radios.....\$4,750.00

## SNOWMACHINES

Of course there are times when all air support is grounded by weather. But our race continues. To enable our officials and trail breaking crews to operate we need double track machines. If we have an emergency somewhere a plane cannot land, we need the machines to get to the location. And, just to have the ability to maintain surveillance between checkpoints, the machines would be invaluable.

Two Alpine double track snowmachines.....\$10,400.00

Each year we offer a \$100,000.00 purse to the top twenty mushers. This distinguished the Iditarod as not only the longest sled dog race in the world, but also the richest. This purse also ensures the Iditarod a place in the major athletic events in the world. The purse gives mushers the incentive to train for the race. Consequently we have mushers and teams that are physically and mentally prepared to challenge the Iditarod Trail.

Money for purse.....\$35,000.00

TOTAL OF PROPOSAL #1

\$113,050.00

### PERMANENT IDITAROD HEADQUARTERS

Each year interest in the Iditarod Sled Dog Race grows. According to surveys done with our out of state visitors, the Iditarod fulfills the image and fantasy of Alaska. News media from the world over come to report the "last Great Race." Because of the coverage, more and more tourists want to visit Iditarod Headquarters and see first hand the operation of the race.

After ten years we have collected invaluable paraphernalia connected with each race. These items are a part of our history, but are perilously close to being lost because we have no place to store them. The impression each visitor or reporter leaves our headquarters with reflects on the Iditarod and our great state.

At present we are located above Teeland's Country Store in Wasilla. As our volume of traffic increases, not only is it disruptive to Teelands, but our own space is grossly strained. We have no place to store our race records or paraphernalia. Nor do we have the space to accommodate volunteers working on the race and visitors at the same time.

Because of the problems listed above, the Iditarod Sled Dog Race is requesting funding for a permanent headquarters in Wasilla. We want our building to be in the true spirit of Alaskan history and dog mushing, so our decor would be styled on a log cabin -- Roadhouse theme. To complement our building, we need an acre of land that can be landscaped to encourage visitors to stop and enjoy.

In our headquarters we need office space, storage area, conference room, retail sales outlet and a museum. Maximum exposure for our building is a must to ensure us the tourist and drop in trade we

will count on to cover operation and maintenance.

Our request is for: a 3350 sq. ft. building at \$100 per foot building .

Cost.....\$335,000.00

One acre land located on Parks Highway in or about Wasilla.

Cost .....\$ 26,000.00

Office equipment, furnishings, display cases, cash register, shelves, hangers, and protective equipment for museum.

Cost.....\$ 44,000.00

Landscaping, artwork, outside tables and benches and plaques.

Cost.....\$ 17,800 "

TOTAL REQUEST.....\$422,800.00

COMMITTEE REPORT

SENATE

FURTHER: FINANCE

Date: 4/19/83

Mr. President:

The Committee on STATE AFFAIRS has had CSHB 142 (L&C)

Special appropriation to the Department of Commerce and Economic Development for payment as a grant for the Iditarod Trail Committee, Inc., for expenses of conducting the 1984 Iditarod sled dog race; eff. date

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- [x] do pass [ ] do not pass
[ ] do pass with attached amendments(s)
[ ] replace with CS for [ ] same title [ ] new title
and recommends
[ ] AND attaches a "Letter of Intent" [ ] New Fiscal Note
[ ] reports it back without recommendation
[ ] referred to the Committee

MEMBERS SIGNING DO PASS

Tim Kelly
Arlis Stumpfen
Walter Bodley
Bill Ray

MEMBERS HAVING OTHER RECOMMENDATIONS:

(Empty lines for other recommendations)

Chairman signature
CHAIRMAN



Original sponsors: Lacher, Larson,  
and Zharoff

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 148 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the preservation of agricultural  
7 land."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 03 is amended by adding a new chapter to read:

10 CHAPTER 07. PRESERVATION OF AGRICULTURAL LAND.

11 Sec. 03.07.010. ACQUISITION OF AGRICULTURAL PRESERVATION EASE-  
12 MENTS. (a) The director may acquire by purchase an agricultural  
13 preservation easement in privately owned agricultural land that meets  
14 the requirements of AS 03.07.020.

15 (b) The director, with the concurrence of the commissioner, may  
16 dispose of state land or an interest in state land by exchanging it  
17 for privately owned agricultural land or for an agricultural preserva-  
18 tion easement in privately owned agricultural land

19 (1) if the privately owned agricultural land meets the  
20 requirements of AS 03.07.020; and

21 (2) if the state land or the interest in state land to be  
22 exchanged is classified under AS 38.05.300 for a purpose consistent  
23 with the disposal.

24 (c) The value of an agricultural preservation easement received  
25 by the state in an exchange made under this chapter must be equal to  
26 the fair market value of the state land or the interest in state land  
27 exchanged. If the value of the state land or the interest in state  
28 land is not equal to the value of the agricultural preservation ease-  
29 ment, the director may accept money from or pay money to an owner of

1 land. The money accepted or paid must equal the difference between  
2 the fair market value of the agricultural preservation easement and  
3 the fair market value of state land or the interest in state land  
4 exchanged under this chapter.

5 (d) The director may not purchase an agricultural preservation  
6 easement or exchange state land for privately owned agricultural land  
7 or for an agricultural preservation easement except to preserve the  
8 agricultural use of land.

9 (e) The director shall follow the procedures established in  
10 AS 38.05.345 before disposing of state land or an interest in state  
11 land or agreeing to the acquisition of privately owned agricultural  
12 land or an agricultural preservation easement in privately owned  
13 agricultural land. In addition to compliance with the requirements of  
14 AS 38.05.345, the director shall at the same time make available for  
15 public inspection

16 (1) information regarding the valuations of the interest or  
17 interests in the various properties affected by the disposal or acqui-  
18 sition; and

19 (2) a copy of the offer required in AS 03.07.060.

20 (f) A sale, exchange or donation of an agricultural preservation  
21 easement is voluntary. A parcel of land may be considered for ex-  
22 change under this chapter only on application of the owner of the  
23 land. After sale, exchange, or donation of agricultural preservation  
24 rights, an owner may not be required to carry out specific agricul-  
25 tural activities as long as the owner of the land does not use or  
26 subdivide the land for residential, commercial, or industrial purposes  
27 or activities which are not related to agricultural uses.

28 (g) The director may not purchase land or an interest in land  
29 under AS 03.07 with funds appropriated from the general fund of the

1 state unless the appropriation is specifically stated to be for that  
2 purpose. Nothing in this subsection prevents the use by the director  
3 of funds available to the director from sources other than the general  
4 fund of the state.

5 Sec. 03.07.020. LAND ELIGIBLE FOR AGRICULTURAL PRESERVATION. A  
6 parcel of land is eligible for protection under this chapter if

7 (1) it is privately owned;

8 (2) the soil under no less than 40 percent of the surface  
9 of the parcel is classified as classes II - IV by the United States  
10 Soil Conservation Service; and

11 (3) it is

12 (A) a parcel with no less than 40 acres in cultivation  
13 or farm use; or

14 (B) a parcel with no less than 20 acres in cultivation  
15 or farm use adjacent to an established farm or farms totalling no  
16 less than 40 acres in size that has been in operation as a farm  
17 or farms for no less than 10 years.

18 Sec. 03.07.030. PRIORITY DISTRICTS. If the director does not  
19 have money to purchase agricultural preservation easements in all  
20 eligible land, the director may establish a system of farmland preser-  
21 vation priority districts by regulation and allocate money for agri-  
22 cultural preservation easements within the districts according to the  
23 following priority:

24 (1) farmland that is threatened by early conversion to  
25 subdivisions, commercial or industrial uses;

26 (2) farmland that is of recognized value for tourism be-  
27 cause of historic associations, natural setting, closeness to tourism  
28 routes, or other reasons;

29 (3) farmland that has a history of high productivity

1 because of soils, temperatures and other reasons;

2 (4) farmland that is close to market; and

3 (5) farmland that is within an established agricultural  
4 area.

5 Sec. 03.07.040. CRITERIA FOR SELECTION WITHIN A PRIORITY DIS-  
6 TRICT. If funds are not available within a priority district to  
7 purchase all eligible land of equal priority for which valid offers  
8 have been received by the director, the director shall consider the  
9 following criteria in accepting offers:

10 (1) an offer of land that is more threatened by urban  
11 development is favored over an offer of land that is less threatened;

12 (2) an offer that is below appraisal is favored over an  
13 offer that is at or above appraisal;

14 (3) an offer of land used for farming in the 12 months  
15 before the offer is favored over an offer of land that has been fallow  
16 for the preceding 12 months;

17 (4) an offer of land that will form a contiguous farming  
18 area with other offered or acquired eligible land is favored over an  
19 offer of land that is separated from other farms;

20 (5) an offer of land that will achieve both urban separa-  
21 tion and agricultural production or that will separate commercial and  
22 industrial uses from residential or recreational uses is favored over  
23 an offer of land that will serve only one of the purposes.

24 Sec. 03.07.050. AGRICULTURAL LAND WITHIN A MUNICIPALITY. The  
25 director shall, before making an allocation of agricultural preserva-  
26 tion easement money to a farmland preservation priority district  
27 within a municipality, consider any comprehensive plan or ordinances  
28 of the municipality on municipal farmland preservation priorities  
29 adopted by the municipality and shall, before making an allocation,

1 consider recommendations from the municipality regarding priorities  
2 for farmland preservation within the municipality.

3 Sec. 03.07.060. DETERMINATION OF ELIGIBILITY FOR EXCHANGE OR  
4 SALE OF EASEMENT. (a) An owner of land that meets the requirements  
5 of AS 03.07.020 may offer in writing to sell or exchange the agricul-  
6 tural preservation easement to the state on all or a portion of the  
7 agricultural land.

8 (b) An offer to sell or exchange must

9 (1) include a price at which the owner is willing to sell  
10 an agricultural preservation easement to the state;

11 (2) include a complete legal description of the land of-  
12 fered;

13 (3) include an appraisal in support of the price.

14 (c) Within 30 days after the receipt of an offer, the director  
15 shall notify the owner of the land of the sufficiency of the offer.  
16 If the offer is insufficient, the director shall specify the reason  
17 and permit the owner of the land 30 days to correct the insufficiency.  
18 If a corrected, sufficient offer is made within 30 days of the noti-  
19 fication by the director, the land is determined to qualify as land  
20 that meets the requirements of AS 03.07.020.

21 (d) If any part of the land determined to qualify under (c) of  
22 this section is in a municipality, the director shall notify the  
23 governing body of the municipality within 30 days of the determination  
24 under (c) of this section. Within 30 days after the notification by  
25 the director, the municipal governing body may request the director to  
26 reconsider the determination. If a municipality requests reconsidera-  
27 tion, the director shall hold a public hearing in the municipality  
28 before an offer to sell or exchange is tendered to the owner of the  
29 land. If, after a public hearing in the municipality, the decision of

1 the director remains unchanged, the municipality may appeal to the  
2 commissioner within five days for a review of the decision of the  
3 director.

4 Sec. 03.07.070. OFFER TO BUY OR EXCHANGE. The director may  
5 accept the offer to buy or exchange land at a price and upon terms  
6 offered by the owner of the land or may make a counter offer to buy or  
7 exchange and may specify terms and conditions not contained in the  
8 landowner's application within 90 days after approval of the land-  
9 owner's offer to sell or exchange an agricultural preservation ease-  
10 ment. An owner of land has 30 days from the receipt of the counter  
11 offer to buy or exchange in which to accept or reject the offer.

12 Sec. 03.07.080. VALUATION OF AGRICULTURAL PRESERVATION EASEMENT.

13 (a) The maximum valuation of an agricultural preservation easement  
14 acquired under this chapter is either the asking price or the differ-  
15 ence between the fair market value of the land and the agricultural  
16 value of the land, whichever is less.

17 (b) The valuation of an agricultural preservation easement shall  
18 be determined by the director based on one or more appraisals by  
19 qualified appraisers.

20 Sec. 03.07.090. USES OF LAND ACQUIRED. (a) An agricultural  
21 preservation easement acquired under this chapter permits

22 (1) agricultural use of the land by the owner of the land  
23 or by a lessee of the owner of the land;

24 (2) the owner of the land to remove minerals or materials  
25 from the subsurface of the land after acquisition of the agricultural  
26 preservation easement if the land is immediately returned to a condi-  
27 tion at least as favorable for agricultural use as existed before the  
28 removal of minerals or materials began;

29 (3) operation of machinery used in agricultural production

1 or the primary processing of agricultural products;

2 (4) sale of agricultural products produced on the land;

3 (5) construction of buildings for farming operations but  
4 land used for farm residences may not exceed one acre per 40 acres of  
5 land under an agricultural preservation easement.

6 (b) The acquisition of an agricultural preservation easement by  
7 the state does not grant the public a right of access or right of use  
8 of the property subject to the easement nor does it affect any exist-  
9 ing easements, rights of way, or rights of access. Residential sub-  
10 division and the removal from the land of minerals or materials for  
11 commercial purposes are not permitted.

12 Sec. 03.07.100. DEFINITIONS. In this chapter

13 (1) "agricultural operations" means activities related to  
14 the production of domesticated plants and animals or fowl useful to  
15 humans;

16 (2) "agricultural preservation easement" means an interest  
17 in land under which all development rights are owned by the state and  
18 an owner of the property subject to the agricultural preservation  
19 easement retains an interest in and the right to use and possess land  
20 for purposes and activities related to the production of domesticated  
21 plants and animals or fowl useful to humans;

22 (3) "agricultural use" means the use of land for the pro-  
23 duction of domesticated plants and animals or fowl useful to humans;

24 (4) "agricultural value" means the amount on a valuation  
25 date which an owner of land, willing but not obligated to sell, would  
26 accept for property subject to an agricultural preservation easement,  
27 and which a purchaser, willing but not obligated to buy, would pay for  
28 property subject to an agricultural preservation easement;

29 (5) "commissioner" means the commissioner of natural

1 subject to an agricultural preservation easement shall be assessed on  
2 the basis of full and true value for farm use, and shall not be asses-  
3 sed as if subdivided or used for some other nonfarm purpose. The  
4 assessor shall maintain records valuing the farm use land for both  
5 full and true value and farm use value. Should the farm use land be  
6 sold, leased, or otherwise disposed of for uses incompatible with farm  
7 use or be converted to a use incompatible with farm use by the owner,  
8 the owner is liable to pay an amount equal to the additional tax at  
9 the current mill levy together with eight percent interest for the  
10 preceding seven years, as though the land had not been assessed for  
11 farm use purposes. Payment by the owner shall be made to the state to  
12 the extent of its reimbursement for revenue loss under (e) of this  
13 section for the preceding seven years. The balance of the payment  
14 shall be made to the city or borough. The owner of farm land subject  
15 to this subsection who grants an agricultural preservation easement to  
16 the state under AS 03.07 may not be required to reimburse the state  
17 under this subsection for revenue loss.

18 \* Sec. 3. AS 29.53 is amended by adding a new section to read:

19       Sec. 29.53.036. AGRICULTURAL PRESERVATION EASEMENT. Farm land  
20 subject to an agricultural preservation easement shall be assessed on  
21 the basis of full and true value for farm use. The owner of farm land  
22 subject to an agricultural preservation easement is not subject to  
23 AS 29.53.035.

24 \* Sec. 4. AS 38.05.345(a) is amended by adding a new paragraph to read:

- 25       (5) preservation of agricultural land under AS 03.07;  
26 including  
27               (A) the disposal of state land or an interest in state  
28 land; and  
29               (B) the acquisition of privately owned agricultural

1 land or an agricultural preservation easement in privately owned  
2 agricultural land.

3 \* Sec. 5. The commissioner of natural resources shall report to the  
4 First Session of the Fourteenth Legislature within the first 10 days of the  
5 session on the following:

6 (1) an estimate by the commissioner of natural resources of the  
7 cost to the state for the next five fiscal years of the program enacted in  
8 this Act if the provisions of this Act were fully implemented;

9 (2) an estimate by the commissioner of natural resources of the  
10 interest in the program enacted in this Act;

11 (3) an identification of the priority districts to be estab-  
12 lished under AS 03.07.030 as enacted in sec. 1 of this Act, if any;

13 (4) the implications of the program enacted in this Act for  
14 comprehensive plans or other ordinances of municipalities of the state;

15 (5) the implications of the program enacted in this Act for tax  
16 revenues of municipalities of the state as a result of the acquisition of  
17 agricultural land and agricultural land preservation easements;

18 (6) other information considered by the commissioner of natural  
19 resources to be of interest to the legislature.  
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STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

REQUEST

Bill/Resolution No.: CSHB 148 (Fiscal)  
Title: Preservation of agricultural lands

FISCAL DETAIL

Agency Affected: Natural Resources  
Program Category Affected: \_\_\_\_\_

Sponsor: Lacher, Larson, Zharoff  
Requestor: \_\_\_\_\_  
Date of Request: 2-22-84

BRU, Program or Subprogram(s) Affected: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-
CAPITAL		-0-	-0-	-0-	-0-	-0-
REVENUE		-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME		-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

The zero fiscal note assumes that an appropriation would be made to cover both administrative and easement purchase costs specific to any implementation of the program.

ANALYSIS: Attach a separate page for analysis

Prepared By: Sharon Barton Phone: 465-2400  
Division: Commissioner's Office Date: 2-22-84

Approved by Commissioner: Thomas D Arnold, Deputy Date: 2-22-84  
Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):

Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

12/1/83

My name is Peg Kehrer and I am testifying today in favor of your passage of HB 148. I followed the progress of this bill closely all of last session out of a personal concern for the wise development of Alaska's farmland.

Of all that I would like to say in support of this bill, there is one point I would like the committee to fully understand before you consider the bill. It is that if only the first steps toward protecting some of Alaska's existing and best farmland can be taken at this point - the creation of a small staff to develop the necessary data on land availability and cost - then that is a crucial step in the right direction.

I base this on personal research on agland, but also on the testimony last year of the director of the House Research Agency. At the conclusion of a background report on the need for and costs of preserving existing farmland, House Research said:

"Unfortunately, no data is currently available on the amount of existing and potential farmland in private ownership. In addition, a more thorough research effort would be required to develop good data on the average market and farm use value of farmland in various areas of the state."

This is obviously after they have examined the best data the Division of Agriculture could provide. The need for a small staff to focus just on these questions seems great.

Two events help convince me that this lack of knowledge is both unpopular and is even foolish business on the state's part at this time. The first is that just this week the Mat-Su Assembly with great public support imposed strict guidelines on development of potential borough agland for any other than ag use.

The second are the continuing overtures between Alaska and foreign companies around foreign use of agland in the state. To pursue this when the long term value of these lands to Alaska's agricultural business is unknown seems very bad business.

Thank you for your time.

Minutes from last year's hearing on  
the bill,

hf0530831330

HOUSE FINANCE COMMITTEE

May 30, 1983

1:30 p.m.

(Tape HFC 83-74, Side 2, #48.)

CALL TO ORDER

Chairman Adams called the meeting to order at 1:30 P.M. and informed members they would be considering the Confirmation of Bob Heath as Commissioner of Revenue, SB 92 and HB 148. HB 301, he stated, would be heard at a later date.

PRESENT

All members of the committee were present except Representative Abood. ALSO PRESENT: Representative Lacher, Bob Heath - Commissioner, Department of Revenue and Representative Fritz.

Chairman Adams stated as Representative Lacher was present at the onset of the meeting HB 148 would be considered by the Committee as the first order of business.

HB 148

HB 148 - Preservation of agricultural land.

REPRESENTATIVE LACHER, Prime Sponsor of HB 148. Representative Lacher stated when she first introduced HB 148, it did not have too many supporters, and it did sit in Community and Regional Affairs Committee for several weeks while working on the bill. When it did leave that committee, she stated, everyone was in support of the bill. Representative Lacher stated she was from a community where 1000 acres of prime farm land was in jeopardy every year. It has been considered for sub-dividing purposes for homes. She stated that the same community has many acres of land that could be utilized for subdividing as it is not suitable for farm land. Representative Lacher stated the bill was accompanied with a low fiscal note as there was no money appropriated to purchase the farms. She stated it would be her choice in the future, if it would be the only way to provide some funding, that possibly capital funding could be used to retain these farm lands. She stated that the legislation was requested by the Borough and that it was one of their top priorities. She stated they recently formed a task force, which was appointed by the Governor, come in with a report that it was necessary to encourage agriculture. Representative Lacher stated that it was part of the Mat-su Borough's plan and stated they were hoping to see it part of the Administrations plan.

Chairman Adams stated that the latest fiscal note accompanying the bill dated 5/30/83, had an error in it amounting to approximately \$12 thousand. The original fiscal note he stated, and the one that would accompany the bill would be in the amount of \$77.3 thousand. He stated that the Department of Natural Resources would be sending the new fiscal note over.

Representative Bettisworth asked Representative Lacher if the 1000 acres was currently under Agricultural production. Representative Lacher stated that it was, and that was part of the legislation, that the land must be currently under production and it must also be in jeopardy prior to being subdivided.

(Representative Pestinger arrived at this time.)

Representative Martin said the state does need residential expanding room in central Alaska. He asked Representative Lacher what the true value of the 1000 acres, and what it would cost the state if they were to purchase the land. Representative Lacher stated that until funds are appropriated there would be no funds to actually purchase the land. She stated what they would be doing would be to set up within the Department, the ability to do it, but that millions of dollars would be required to purchase all the agricultural land that would be in jeopardy. She stated the request for the state to look at the land would always come from the farmer. Representative Martin stated that the state may take the legislation and use it as a vehicle to prohibit or delay the individual from selling as they may wish, and then always be offering the higher price. Representative Lacher stated that was not how the legislation was written, that as a farmer they could say they intend to sell their land, and could sell it to a developer, but that they would prefer that it be continued to be farmed. At that point she stated they would contact the State for an appraisal to be done stating the full value of the land, and the value of the agricultural rights. The state would then pay the farmer the difference between the agricultural value and the land value, purchasing the actual land and paying the agricultural rights on an annual basis. She stated there was no bidding process involved.

Representative Bettisworth asked if they had done an analysis of the theoretical difference between development rights and agricultural rights. Representative Lacher stated they did ask DNR to do it and they were not able to. She said so much of the money that is invested at this time is in loans that are paid back. She stated someone would need to work out the subsidy and lending money at 3% or 4%, when 12% could be obtained on the open market. She stated they started out knowing that the farm land was in jeopardy. She stated that it was her belief that whether the state saves money in this area or not, saving the farm land would be the most important consideration. Representative Lacher stated at this time the Borough, as part of their code, has all class 2, 3, and some 4 soil retained for

agricultural land, and they only sell the agricultural rights. She stated that the farmers would get at least half the monies back in what they pay for the land if they develop according to schedule and they are required to file a farm plan.

Representative Ward asked if the agricultural preservation easement is defaulted on and an % penalty goes in the clause, who is involved with the penalty and where does it go. Representative Lacher stated what he was referring to was non-farm use. She stated that that section only dealt with assessing and if the person was to sell the land for anything other than farm use, it would give the state an opportunity to come back and collect the taxes that had been paid on behalf of the farmer in order to help retain the land as farm land. Representative Ward asked if it was the intention of the bill regarding the appraisal and the rejection period. Representative Lacher stated that there was no requirement that the farmer sell the land and that it is his right to refuse sale. Representative Ward asked if it was the intent of the bill for the state to pay the full appraised value for the farm. Representative Lacher stated that the state would pay the difference between the full appraisal and the farm land, which would be the development rights. She stated that only the agricultural rights would be retained by the farmer. Representative Martin asked if Point MacKenzie was included in the farm land in question. Representative Lacher stated it was not. She stated the Point MacKenzie land would never qualify under the bill, as it would never be in jeopardy. Representative Ward stated he did not know what the bill was trying to accomplish.

Representative Lindauer asked where the bill came from. Representative Lacher stated it was drafted by the Mat-Su Borough Agricultural Commission that is a public body consisting of private people involved in agricultural, ie; state conservation, farmers and loggers. Representative Lindauer referenced a chicken farm. Representative Lacher stated chickens would not be included, that the farm has to be under production. Representative Lindauer asked what the difference between zoning and the state paying for the farmland to be continued as farm land. Representative Lacher stated that zoning doesn't pay the farmer anything.

Representative Grussendorf referenced agricultural operations and definitions stated in the bill regarding "animals useful to humans". He asked in the definition of animals, if it would include chicken, turkey, geese, ducks, etc, and asked of the possibility of fowl being included. Representative Lacher stated that the person could have any kind of ranch they pleased, but a percentage of the land itself must be under farm production. Representative Grussendorf stated after looking at the statutes he would like to make an amendment so that fowl would be included in the bill and asked if that particular subject had arisen in testimony. Representative Lacher stated there was no testimony

to that affect, but that such an amendment would be fine with her, but that they would want to retain the percentage of land that was required to be under production.

Representative Ward asked if trouble could arise from the zoning commission if a person wished to subdivide his land. Representative Lacher said no, that the farmer himself has the responsibility of going to the state informing them his land is in jeopardy of becoming subdivided.

Representative Ward asked why the state should get involved in controlling growth in a populated area, whether it be bad or good. Representative Lacher stated that it is the proper roll of the state, as the state is involved in agriculture and it's development.

Representative Martin asked how many farmers were taking advantage of the federal program in the Mat-Su area, not to grow various crops. Representative Lacher stated she didn't know, but thought possibly none. Representative Bettisworth stated that Alaska farmers were not eligible for the farm bank program. Representative Martin asked why the Mat-Su area should be the only area affected by this particular piece of legislation. Representative Lacher stated they were a very large borough with many thousands of acres and stated that if they really wanted to lock it up as an agricultural producing land that what they would do was not approve sub-division plats.

Representative Pestinger asked Representative Lacher to consider whether HB 148 was in the state's best financial interest, and if the state could afford it. He stated that if they look at some of the southern farming states that you would find a recession or depression. He said that the price of the grain is so low that international harvester had to go through a corporate reorganization almost forcing them into bankruptcy. He stated the grain elevators are full down there, with no market and a bad grain price. Representative Pestinger stated that the fiscal note called for \$77 thousand to administer the program, but to implement the program it would cost billions. Representative Lacher stated she did think it was in the state's best interest. She stated that she did not believe that it would ever cost billions to buy the rights. Representative Pestinger stated that it would seem like the logical conclusion of the bill would be that they are asking the state of Alaska to join the recession. Representative Lacher stated she did not understand his logic. Representative Pestinger answered, by the price of grain and grain marketing. Representative Lacher stated that there are laws in place to protect agriculture in other states, and this is one that she felt the state of Alaska needs.

Representative Ward referenced page 4, last paragraph - removal of sub-surface rights for five years and asked why that was included in the bill. Representative Lacher stated that the

farmer would more than likely be needing the gravel off his own land to build his roads etc., but they did not want them to have their own gravel pits. Representative Ward referenced gold nuggets being found on the sub-surface of the land being cleared and gravel being utilized for the purpose of roads and other gravel requirements of a farm. Representative Lacher stated they had not even discussed gold nuggets. Representative Ward stated that they should have, as the state of Alaska owns too much sub-surface and they shouldn't own it, and now that chance is taken away again from anyone owning their own sub-surface. Representative Lacher stated that you don't normally mine those areas but quite often there are gravel pits on them. Representative Ward asked if there was anything within the charter of the Mat-Su Borough that would stop the Mat-Su Borough from exchanging property and/or money for one of the farms at this point. Representative Lacher stated that the Borough could do that. Representative Ward stated then to that effect, in case this legislation should run into a problem, there would be nothing that would prohibit the Mat-Su from taking the position of the state's and accomplishing the same effect. Representative Lacher stated that could be done, but they do not have the money. She said they would have to sell bonds, but that other communities had utilized that procedure in the lower 48. Representative Ward continued saying that the Mat-Su does own property that is not farm land, but is able to be developed, and asked if they had approached any of their priority farmers and asked them to exchange their land for un-developed land. Representative Lacher stated they had not.

(Tape change, 83-75, Side 1, #000)

Representative Lacher stated they were making a large effort without taxing or bonding in order to purchase. Representative Ward asked why should they use the state's money instead of a land exchange process. Representative Ward said that area should be considered.

REPRESENTATIVE FRITZ, District 5 gave testimony in favor of HB 148. He said this bill would avoid the mistakes already made in Washington, Oregon and California. He gave reference to Orange County in California stating it once used to be groves of fruit land. It was bought up and sub-divided and now is all residential with no agricultural production possible. That state now is realizing and trying to preserve what is left of the agricultural lands. Representative Fritz stated that Oregon and Washington are at this time going through that preservation process. He said that if the space is available for building housing developments, but agriculture requires a different class of land to farm. Representative Ward asked if it was a proper position for the state of Alaska to hold interest on the mineral rights. Representative Fritz stated he would prefer that the mineral rights stay with the individual.

Representative Grussendorf MOVED TO AMEND HB 148 page 7, lines 15, 21, and 23 within the phrase "animals useful to humans" to insert the word "or fowl" in between 'animals and useful' AND ASKED UNANIMOUS CONSENT. There being NO OBJECTION, it was so ordered.

Amendment #1 HB 148 PASSED UNANIMOUSLY.

Representative Ward MOVED TO AMEND HB 148 page 6, line 25, to delete the words "for personal use for 5 years", and ASKED UNANIMOUS CONSENT. Chairman Adams OBJECTED to review the amendment.

Representative Ward stated that under borough regulations and state law, whenever there is a dredging of coal or gravel, the ground has to be replaced back to a suitable condition.

Chairman Adams WITHDREW HIS OBJECTION. There being NO OBJECTION, it was so ordered.

Amendment #2 HB 148 PASSED UNANIMOUSLY.

Representative Lindauer MOVED TO AMEND HB 148 page 7, lines 15, 21, 23, after the word "fowl" add the word "fish", and ASKED UNANIMOUS CONSENT. Chairman Adams OBJECTED, stating he felt it did not belong under the title of the bill.

The QUESTION was called for and a ROLL CALL VOTE was taken.

IN FAVOR: Representative Bettisworth and Representative Lindauer.

OPPOSED: Representatives' Adams, Grussendorf, Martin, Pestinger, Ward Zharoff.

The MOTION FAILED (6 - 2.)

Representative Grussendorf MOVED to Report Out of Committee CSHB 148 (Fin) with the Fiscal Note dated 3/1/83. Representative Martin OBJECTED.

Representative Martin stated this legislation has been pushed by the Mat-Su valley previously and stated that the entire concept involved is of such nature that the local government could handle it. Representative Pestinger stated he did concur with Representative Martin's views on HB 148.

The QUESTION was called for and a ROLL CALL Vote was taken.

IN FAVOR: Representatives' Adams, Bettisworth, Grussendorf, Ward and Zharoff.

OPPOSED: Representatives Lindauer, Martin and Pestinger.

The MOTION FAILED (5-3).

HB 148 Chairman Adams stated HB 148 was HELD in committee as it requires 6 votes to report it out of Committee.

Chairman Adams stated the next item before the Committee was Consideration of Confirmation of Bob Heath as Commissioner of Revenue.

Chairman Adams stated he would like suggestions and questions from Committee members and it was his plan to move out individual recommendations to the Speaker from House Finance.

Representative Pestinger asked Bob Heath to state his professional and educational credentials which would pertain to the job.

BOB HEATH stated he graduated from the University of Houston with a BA in accounting and finance, has a CPA in Alaska and Texas, has worked approximately 25 years, including 5 years with a gas company in Houston, 7 years with a gas company in Anchorage, 2 years with Surges Construciton Company in Fairbanks, 10 years with Alaska International Air in Fairbanks and Anchorage, 1 year of gold mining, and 1 year with Western Airlines in Administration.

Representative Ward referenced a situation regarding the oil pipe line, that if something were to drastically happen to it at this time and 90% of the state's revenue was obviously jeopardized, it would require every man woman and child in the state of Alaska to pay \$9,538 thousand in taxes to maintain the state government, and asked Mr. Heath, in his new capacity, how would he handle that situation so that the people would not have to pay that amount to keep state government going.

Bob Heath stated they would have to require some form of new taxes, re-instate old taxes, income or sales, and carve down the ability of the State to perform many of the services that it is now performing. Representative Ward asked what his philosophy would be for replacing some of the oil dollars if that necessity should arise. Mr. Heath stated his first step would probably be to call a special session of the legislature.

Representative Grussendorf referenced the projected revenues of the State of Alaska, and asked Mr. Heath if he would anticipate, in a number of years, recommending to the Governor that a state income tax be instituted. Mr. Bob Heath stated he saw it as a high probability, be it himself or the legislature, whomever might recommend it.

Representative Lindauer referenced the regional development areas which allow regions of the state to have bonding authority for local, borough or regional bonds, and asked if Mr. Heath favored

This version includes the amendments made last session before the motion to move the bill out failed. See pp. 6 and 7.

Bradley  
6/1/83

Original sponsors: Lacher, Larson,  
and Zharoff

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 148 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the preservation of agricultural  
7 land."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 03 is amended by adding a new chapter to read:

10 CHAPTER 07. PRESERVATION OF AGRICULTURAL LAND.

11 Sec. 03.07.010. ACQUISITION OF AGRICULTURAL PRESERVATION EASE-  
12 MENTS. (a) The director may acquire by purchase an agricultural  
13 preservation easement in privately owned agricultural land that meets  
14 the requirements of AS 03.07.020.

15 (b) The director, with the concurrence of the commissioner, may  
16 dispose of state land or an interest in state land by exchanging it  
17 for privately owned agricultural land or for an agricultural preserva-  
18 tion easement in privately owned agricultural land

19 (1) if the privately owned agricultural land meets the  
20 requirements of AS 03.07.020; and

21 (2) if the state land or the interest in state land to be  
22 exchanged is classified under AS 38.05.300 for a purpose consistent  
23 with the disposal.

24 (c) The value of an agricultural preservation easement received  
25 by the state in an exchange made under this chapter must be equal to  
26 the fair market value of the state land or the interest in state land  
27 exchanged. If the value of the state land or the interest in state  
28 land is not equal to the value of the agricultural preservation ease-  
29 ment, the director may accept money from or pay money to an owner of

1 land. The money accepted or paid must equal the difference between  
2 the fair market value of the agricultural preservation easement and  
3 the fair market value of state land or the interest in state land  
4 exchanged under this chapter.

5 (d) The director may not purchase an agricultural preservation  
6 easement or exchange state land for privately owned agricultural land  
7 or for an agricultural preservation easement except to preserve the  
8 agricultural use of land.

9 (e) The director shall follow the procedures established in  
10 AS 38.05.345 before disposing of state land or an interest in state  
11 land or agreeing to the acquisition of privately owned agricultural  
12 land or an agricultural preservation easement in privately owned  
13 agricultural land. In addition to compliance with the requirements of  
14 AS 38.05.345, the director shall at the same time make available for  
15 public inspection

16 (1) information regarding the valuations of the interest or  
17 interests in the various properties affected by the disposal or acqui-  
18 sition; and

19 (2) a copy of the offer required in AS 03.07.060.

20 (f) A sale, exchange or donation of an agricultural preservation  
21 easement is voluntary. A parcel of land may be considered for ex-  
22 change under this chapter only on application of the owner of the  
23 land. After sale, exchange, or donation of agricultural preservation  
24 rights, an owner may not be required to carry out specific agricul-  
25 tural activities as long as the owner of the land does not use or  
26 subdivide the land for residential, commercial, or industrial purposes  
27 or activities which are not related to agricultural uses.

28 (g) The director may not purchase land or an interest in land  
29 under AS 03.07 with funds appropriated from the general fund of the

1 state unless the appropriation is specifically stated to be for that  
2 purpose. Nothing in this subsection prevents the use by the director  
3 of funds available to the director from sources other than the general  
4 fund of the state.

5 Sec. 03.07.020. LAND ELIGIBLE FOR AGRICULTURAL PRESERVATION. A  
6 parcel of land is eligible for protection under this chapter if

7 (1) it is privately owned;

8 (2) the soil under no less than 40 percent of the surface  
9 of the parcel is classified as classes II - IV by the United States  
10 Soil Conservation Service; and

11 (3) it is

12 (A) a parcel with no less than 40 acres in cultivation  
13 or farm use; or

14 (B) a parcel with no less than 20 acres in cultivation  
15 or farm use adjacent to an established farm or farms totalling no  
16 less than 40 acres in size that has been in operation as a farm  
17 or farms for no less than 10 years.

18 Sec. 03.07.030. PRIORITY DISTRICTS. If the director does not  
19 have money to purchase agricultural preservation easements in all  
20 eligible land, the director may establish a system of farmland preser-  
21 vation priority districts by regulation and allocate money for agri-  
22 cultural preservation easements within the districts according to the  
23 following priority:

24 (1) farmland that is threatened by early conversion to  
25 subdivisions, commercial or industrial uses;

26 (2) farmland that is of recognized value for tourism be-  
27 cause of historic associations, natural setting, closeness to tourism  
28 routes, or other reasons;

29 (3) farmland that has a history of high productivity

1 because of soils, temperatures and other reasons;

2 (4) farmland that is close to market; and

3 (5) farmland that is within an established agricultural  
4 area.

5 Sec. 03.07.040. CRITERIA FOR SELECTION WITHIN A PRIORITY DIS-  
6 TRICT. If funds are not available within a priority district to  
7 purchase all eligible land of equal priority for which valid offers  
8 have been received by the director, the director shall consider the  
9 following criteria in accepting offers:

10 (1) an offer of land that is more threatened by urban  
11 development is favored over an offer of land that is less threatened;

12 (2) an offer that is below appraisal is favored over an  
13 offer that is at or above appraisal;

14 (3) an offer of land used for farming in the 12 months  
15 before the offer is favored over an offer of land that has been fallow  
16 for the preceding 12 months;

17 (4) an offer of land that will form a contiguous farming  
18 area with other offered or acquired eligible land is favored over an  
19 offer of land that is separated from other farms;

20 (5) an offer of land that will achieve both urban separa-  
21 tion and agricultural production or that will separate commercial and  
22 industrial uses from residential or recreational uses is favored over  
23 an offer of land that will serve only one of the purposes.

24 Sec. 03.07.050. AGRICULTURAL LAND WITHIN A MUNICIPALITY. The  
25 director shall, before making an allocation of agricultural preserva-  
26 tion easement money to a farmland preservation priority district  
27 within a municipality, consider any comprehensive plan or ordinances  
28 of the municipality on municipal farmland preservation priorities  
29 adopted by the municipality and shall, before making an allocation,

1 consider recommendations from the municipality regarding priorities  
2 for farmland preservation within the municipality.

3 Sec. 03.07.060. DETERMINATION OF ELIGIBILITY FOR EXCHANGE OR  
4 SALE OF EASEMENT. (a) An owner of land that meets the requirements  
5 of AS 03.07.020 may offer in writing to sell or exchange the agricul-  
6 tural preservation easement to the state on all or a portion of the  
7 agricultural land.

8 (b) An offer to sell or exchange must

9 (1) include a price at which the owner is willing to sell  
10 an agricultural preservation easement to the state;

11 (2) include a complete legal description of the land of-  
12 fered;

13 (3) include an appraisal in support of the price.

14 (c) Within 30 days after the receipt of an offer, the director  
15 shall notify the owner of the land of the sufficiency of the offer.  
16 If the offer is insufficient, the director shall specify the reason  
17 and permit the owner of the land 30 days to correct the insufficiency.  
18 If a corrected, sufficient offer is made within 30 days of the noti-  
19 fication by the director, the land is determined to qualify as land  
20 that meets the requirements of AS 03.07.020.

21 (d) If any part of the land determined to qualify under (c) of  
22 this section is in a municipality, the director shall notify the  
23 governing body of the municipality within 30 days of the determination  
24 under (c) of this section. Within 30 days after the notification by  
25 the director, the municipal governing body may request the director to  
26 reconsider the determination. If a municipality requests reconsidera-  
27 tion, the director shall hold a public hearing in the municipality  
28 before an offer to sell or exchange is tendered to the owner of the  
29 land. If, after a public hearing in the municipality, the decision of

1 the director remains unchanged, the municipality may appeal to the  
2 commissioner within five days for a review of the decision of the  
3 director.

4 Sec. 03.07.070. OFFER TO BUY OR EXCHANGE. The director may  
5 accept the offer to buy or exchange land at a price and upon terms  
6 offered by the owner of the land or may make a counter offer to buy or  
7 exchange and may specify terms and conditions not contained in the  
8 landowner's application within 90 days after approval of the land-  
9 owner's offer to sell or exchange an agricultural preservation ease-  
10 ment. An owner of land has 30 days from the receipt of the counter  
11 offer to buy or exchange in which to accept or reject the offer.

12 Sec. 03.07.080. VALUATION OF AGRICULTURAL PRESERVATION EASEMENT.

13 (a) The maximum valuation of an agricultural preservation easement  
14 acquired under this chapter is either the asking price or the differ-  
15 ence between the fair market value of the land and the agricultural  
16 value of the land, whichever is less.

17 (b) The valuation of an agricultural preservation easement shall  
18 be determined by the director based on one or more appraisals by  
19 qualified appraisers.

20 Sec. 03.07.090. USES OF LAND ACQUIRED. (a) An agricultural  
21 preservation easement acquired under this chapter permits

22 (1) agricultural use of the land by the owner of the land  
23 or by a lessee of the owner of the land;

24 *ward* (2) the owner of the land to remove minerals or materials  
25 from the subsurface of the land *[for personal use for 5 years]* after acquisition of the agricultural  
26 preservation easement if the land is immediately returned to a condi-  
27 tion at least as favorable for agricultural use as existed before the  
28 removal of minerals or materials began;

29 (3) operation of machinery used in agricultural production

1 or the primary processing of agricultural products;

2 (4) sale of agricultural products produced on the land;

3 (5) construction of buildings for farming operations but  
4 land used for farm residences may not exceed one acre per 40 acres of  
5 land under an agricultural preservation easement.

6 (b) The acquisition of an agricultural preservation easement by  
7 the state does not grant the public a right of access or right of use  
8 of the property subject to the easement nor does it affect any exist-  
9 ing easements, rights of way, or rights of access. Residential sub-  
10 division and the removal from the land of minerals or materials for  
11 commercial purposes are not permitted.

12 Sec. 03.07.100. DEFINITIONS. In this chapter

13 (1) "agricultural operations" means activities related to  
14 the production of domesticated plants and animals or fowl useful to  
15 humans;

16 (2) "agricultural preservation easement" means an interest  
17 in land under which all development rights are owned by the state and  
18 an owner of the property subject to the agricultural preservation  
19 easement retains an interest in and the right to use and possess land  
20 for purposes and activities related to the production of domesticated  
21 plants and animals or fowl useful to humans;

22 (3) "agricultural use" means the use of land for the pro-  
23 duction of domesticated plants and animals or fowl useful to humans;

24 (4) "agricultural value" means the amount on a valuation  
25 date which an owner of land, willing but not obligated to sell, would  
26 accept for property subject to an agricultural preservation easement,  
27 and which a purchaser, willing but not obligated to buy, would pay for  
28 property subject to an agricultural preservation easement;

29 (5) "commissioner" means the commissioner of natural

1 resources;

2 (6) "development rights" means an interest in and the right  
3 to use and subdivide land for any and all residential, commercial and  
4 industrial purposes and activities which are not incident to agricul-  
5 tural uses;

6 (7) "director" means the director of agriculture in the  
7 Department of Natural Resources;

8 (8) "fair market value" means the price on the valuation  
9 date for the highest and best use of the property which a vendor,  
10 willing but not obligated to sell, would accept for the property, and  
11 which a purchaser, willing but not obligated to buy, would pay for the  
12 property if the property was not subject to any restriction imposed  
13 under this chapter;

14 (9) "municipality" means a political subdivision incorpo-  
15 rated under the laws of the state that is a home rule or general law  
16 city, a home rule or general law borough, or a unified municipality;

17 (10) "qualified appraiser" means a senior member of the  
18 American Institute of Real Estate Appraisers, the Society of Real  
19 Estate Appraisers, a person meeting the requirements for certification  
20 as an appraiser II by the division of personnel, Department of Admin-  
21 istration, or a person qualified according to regulations adopted by  
22 the commissioner under the Administrative Procedure Act (AS 44.62);

23 (11) "residential subdivision" means the division of a tract  
24 or parcel of land into two or more lots, sites or other divisions for  
25 the purpose, whether immediate or future, of sale or building develop-  
26 ment, and includes a resubdivision.

27 \* Sec. 2. AS 29.53.035(a) is amended to read:

28 (a) Farm use land that is [LANDS] included in a farm unit,  
29 [AND] not dedicated or being used for nonfarm purposes, and not

1 subject to an agricultural preservation easement shall be assessed on  
2 the basis of full and true value for farm use, and shall not be asses-  
3 sed as if subdivided or used for some other nonfarm purpose. The  
4 assessor shall maintain records valuing the farm use land for both  
5 full and true value and farm use value. Should the farm use land be  
6 sold, leased, or otherwise disposed of for uses incompatible with farm  
7 use or be converted to a use incompatible with farm use by the owner,  
8 the owner is liable to pay an amount equal to the additional tax at  
9 the current mill levy together with eight percent interest for the  
10 preceding seven years, as though the land had not been assessed for  
11 farm use purposes. Payment by the owner shall be made to the state to  
12 the extent of its reimbursement for revenue loss under (e) of this  
13 section for the preceding seven years. The balance of the payment  
14 shall be made to the city or borough. The owner of farm land subject  
15 to this subsection who grants an agricultural preservation easement to  
16 the state under AS 03.07 may not be required to reimburse the state  
17 under this subsection for revenue loss.

18 \* Sec. 3. AS 29.53 is amended by adding a new section to read:

19 Sec. 29.53.036. AGRICULTURAL PRESERVATION EASEMENT. Farm land  
20 subject to an agricultural preservation easement shall be assessed on  
21 the basis of full and true value for farm use. The owner of farm land  
22 subject to an agricultural preservation easement is not subject to  
23 AS 29.53.035.

24 \* Sec. 4. AS 38.05.345(a) is amended by adding a new paragraph to read:

25 (5) preservation of agricultural land under AS 03.07;  
26 including

27 (A) the disposal of state land or an interest in state  
28 land; and

29 (B) the acquisition of privately owned agricultural

1 land or an agricultural preservation easement in privately owned  
2 agricultural land.

3 \* Sec. 5. The commissioner of natural resources shall report to the  
4 <sup>FIRST</sup> Second Session of the <sup>FOURTEENTH</sup> Thirteenth Legislature no later than January 23, 1984  
5 on the following: <sup>WITHIN THE 1ST 10 DAYS</sup>

6 (1) an estimate by the commissioner of natural resources of the  
7 cost to the state for the next five fiscal years of the program enacted in  
8 this Act if the provisions of this Act were fully implemented;

9 (2) an estimate by the commissioner of natural resources of the  
10 interest in the program enacted in this Act;

11 (3) an identification of the priority districts to be estab-  
12 lished under AS 03.07.030 as enacted in sec. 1 of this Act, if any;

13 (4) the implications of the program enacted in this Act for  
14 comprehensive plans or other ordinances of municipalities of the state;

15 (5) the implications of the program enacted in this Act for tax  
16 revenues of municipalities of the state as a result of the acquisition of  
17 agricultural land and agricultural land preservation easements;

18 (6) other information considered by the commissioner of natural  
19 resources to be of interest to the legislature.  
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HB 148

STATE OF ALASKA  
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: CSHB 148 (C&RA) Date on Bill: 3/18/83  
Title: Preservation of agricultural lands  
Sponsor: Lacher, Larson and Zharoff  
Requestor: \_\_\_\_\_

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86
Capital				
Operating		77.3	82.5	88.0
Total				

b. Revenues:

Revenue				
---------	--	--	--	--

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

Fiscal impact of this proposal is entirely dependent on level of implementation. We estimate the program would require a minimum of one professional and one clerical to administer the activities required to prepare documents, arrange appraisals, handle public meetings and follow up on verification of compliance with land use requirements. These position can be located at the Wasilla office of the Division of Agriculture.

No funding is requested in this note for actual purchase of easements.

4. Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Ed Kern Phone: 376-3276  
Division: Agriculture Date: 3-1-83  
Approved by Commissioner: [Signature] Date: 3/30/83  
Department: Natural Resources

5. Distribution:

- Original to Legislative Finance
- Copy to OMB
- Copy to Sponsor
- Copy to Requestor

STATE OF ALASKA  
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HB 148 Date on Bill: 1/28/83  
 Title: An Act relating to the preservation of agricultural land; and providing for an . . .  
 Sponsor: Lacher and Larson  
 Requestor: \_\_\_\_\_

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital								
Operating								
Total			0	0	0	0		

b. Revenues:

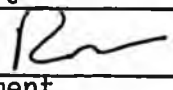
Revenue								
---------	--	--	--	--	--	--	--	--

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

4. Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Willie J. Sykes, Director Phone: 465-2018  
 Division: Office of Special Industrial Projects Date: \_\_\_\_\_  
 Approved by Commissioner: Richard A. Lyon  Date: \_\_\_\_\_  
 Department: Commerce and Economic Development

5. Distribution:

- Original to Legislative Finance
- Copy to OMB
- Copy to Sponsor
- Copy to Requestor

2/15/83

STATE OF ALASKA  
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HB 148 Date on Bill: 1-28-83  
Title: Preservation of agricultural lands  
Sponsor: Lecher and Larson  
Requestor: \_\_\_\_\_

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86
Capital				
Operating		77.3	82.5	88.0
Total				

b. Revenues:

Revenue				
---------	--	--	--	--

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

Implementation of this type of program would require one professional and one clerical to administer the activities required to prepare documents, arrange appraisals, handle public meetings and follow up on verification of compliance with land use requirements. These positions can be located at the Wasilla office of the Division of Agriculture.

4. Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Ed Kern Phone: 376-3276  
Division: Agriculture Date: 3-1-83  
Approved by Commissioner: *Alvin J. Amick* Date: 3-1-83  
Department: Natural Resources

5. Distribution:

- Original to Legislative Finance
- Copy to OMB
- Copy to Sponsor
- Copy to Requestor

2/15/83



STATE OF ALASKA  
OFFICE OF THE GOVERNOR

MAR 2 - 1983

BILL ANALYSIS

Department <b>Natural Resources</b>	Sponsor (Principal) <b>Lacher and Larson</b>	Bill Number <b>HB 148</b>
Department Position <b>DNR supports the concept embodied in this legislation.</b>		
Division Director <b>Bill Heim</b>	Date <b>3-1-83</b>	Commissioner's Signature <i>M. S. Amund</i> Deputy Date <b>3-1-83</b>

GOVERNOR'S OFFICE USE

Comments:

Position Noted      By \_\_\_\_\_      Date \_\_\_\_\_

SUMMARY

1. a) Related Bills (Similar or Conflicting) <b>SJR 3</b>	1. b) Other Agencies Affected by Bill
2. a) Organizational Support for Bill <b>not researched by DNR</b>	2. b) Organizational Opposition to Bill <b>not researched by DNR</b>

3. Program Effects of Bill

Implementation of this program would require the Division of Agriculture to prepare documents, arrange appraisals, handle public meetings and follow up on verification of compliance with land use requirements. Benefit to the State would be preservation of present privately owned agricultural lands from further non-agricultural development. Could be implemented on a very select basis.

4. Fiscal Impact:       None       Fiscal Note Attached

5. Amendments Proposed:

6. Comments:

# Alaska State Legislature

Barbara Lacher, Chairman  
Mae Tischer, Vice-Chairman  
Randy Phillips  
Milo Fritz  
Don Clocksin  
Jack McBride  
Mike Szymanski



Room 104  
State Capitol  
Juneau, Alaska 99811

Pouch V  
Juneau, Alaska 99811

## House of Representatives Committee on Community & Regional Affairs

### MEMORANDUM

TO: Representative Al Adams  
House Finance Committee Chairperson

FROM: Representative Barbara Lacher *[Signature]*  
House Community and Regional Affairs Committee Chairperson

DATE: May 29, 1983

RE: CS HB 148, "An Act relating to the preservation of agricultural land."

The intent of this legislation is to provide a mechanism to preserve and protect existing, productive agricultural lands in Alaska. Several other states in the Union have enacted legislation similar to this with effective and economically beneficial results. This particular legislation is patterned from one of the most successful: King County, Washington State.

It has been the policy of the Legislature and the Administration to encourage the development of agriculture in Alaska, but little attention has been given to the protection of existing agricultural lands from the pressures of subdivision and development. Our existing farm land is a nonrenewable resource; once the land is converted to subdivisions, this important resource is lost permanently to the people of Alaska.

In the Matanuska-Susitna Valley, for example, glacial geologic history has resulted in two main types of lands that run parallel to each other the entire length of the valley. Extremely rich agricultural soils, over a foot thick, lie next to glacial gravels. Existing agricultural lands on this rich soil can not be developed on glacial gravels. Subdivisions and industrial development, on the other hand, can be built on either sedimentological deposit. Furthermore, development on a gravel deposit is, in the long run, more economically prudent due to the drainage that is more effective for sewage in a predominantly gravel deposit. The long range merits of this legislation outweigh the short term profits of development on lands with existing access roads and utilities. Sufficient lands are available in the Matanuska-Susitna Valley and in other regions of the state to permit subdivision and development along with agricultural land preservation.

The fact that the state is investing millions of dollars every year for the development of new agricultural lands, makes it difficult for some legislators and administrators to imagine the need for protection of existing agricultural lands. The land use patterns in this state, unfortunately, have resulted in urban settlement on some of the best agricultural lands in the state. Once shopping malls and subdivisions are in place, these rich agricultural lands will never be recovered. It is only through intelligent planning now that we can invest in the future economic stability of this vital industry.

The intent of CS HB 148 is to permit the Director of the Department of Natural Resources to very selectively purchase the agricultural rights of only those lands which are of high quality farm value and are being threatened by urban sprawl such as we are presently experiencing in some parts of the state. The protection of these productive farm lands will result in developing the necessary security to encourage the growth of a healthy private sector infrastructure for the agricultural industry.

I urge your support of this important legislation.

STATE OF ALASKA  
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

*file  
W/Bell*

MEMORANDUM

April 12, 1983

SUBJECT: Preservation of agricultural land  
(CSHB 148 (C&RA))

TO: Representative Barbara Lacher

FROM: Richard A. Bradley *B*  
Legislative Counsel

You have requested a sectional analysis of the above described bill. You have also asked that I comment on a particular set of circumstances.

As a preliminary matter, I must advise you that a sectional analysis or summary of a bill should not be considered an authoritative interpretation of the bill; the bill itself is the best statement of its contents. For a full explanation of any point, please consult the bill itself.

I. Sectional Analysis.

Sec. 1 of the bill establishes a new chapter at AS 03.07 relating to "preservation of agricultural land.

Sec. 10(a) provides that the director [of agriculture] may acquire an "agricultural preservation easement" in certain privately owned agricultural land.

Sec. 10(b) requires the privately owned agricultural land to meet the requirements of AS 03.07.020. It also requires the state land to be exchanged to be classified for a purpose consistent with the exchange.

Sec. 10(c) requires the land offered to have the same monetary value as the land to be exchanged; an exchange with the transfer of money to equal the difference in value is permitted.

April 12, 1983

Sec. 10(d) provides that the director may not acquire an easement or exchange state land "except to preserve the agricultural use of the land."

Sec. 10(e) establishes public notice requirements for the acquisition of an easement or exchange. It also provides that the basic documents involved in the acquisition of the easement or the exchange remain public documents.

Sec. 10(f) provides that the operation of the chapter is "voluntary." A parcel may be considered for exchange only on the application of the owner of the land. And after the exchange or acquisition, the owner may not be required to carry out affirmative "agricultural activities" so long as the land is not subdivided or used for "residential, commercial, or industrial purposes or activities which are not related to agricultural uses."

Sec. 10(g) provides that the director may not use funds appropriated from the general fund of the state for the purpose of implementing AS 03.07 unless the appropriation is "specifically stated to be for that purpose." Funds from other sources may be used.

Sec. 20 describes the land eligible for agricultural preservation. It must be privately owned. The soil under no less than 40 percent of the surface of the parcel must meet stated standards established by the U. S. Soil Conservation Service. It is also required to be either (1) a parcel not less than 40 acres in cultivation or farm use; or (2) a parcel not less than 20 acres in cultivation or farm use which is adjacent to an established farm or farms totalling no less than 40 acres that has been in operation as a farm for no less than 10 years.

Sec. 30 establishes priority districts for the situation where the director does not have adequate funds to purchase easements in all offered land. Five levels of priority are established.

Sec. 40 establishes criteria for the selection of land within a single priority district. Five levels of criteria are offered.

Sec. 50 relates to agricultural land within a municipality. It requires the director to consider "any comprehensive plan or ordinances of the municipality on municipal farmland

preservation priorities adopted by the municipality" before making an allocation of "easement money" to a farmland preservation priority district within the municipality. Before making the allocation, the director shall also consider recommendations from the municipality regarding priorities.

Sec. 60 relates to the acquisition of the easement or the exchange. Sec. 60(a) requires that an offer from a private land owner for participation under this chapter be in writing.

Sec. 60(b) requires the owner to specify the price at which the owner will agree to the sale. Also required is a complete description of land and an appraisal in support of the price.

Sec. 60(c) requires the director to respond within 30 days on the "sufficiency of the offer." This apparently relates to the extent to which an offerer has fully complied with the specific requirements of sec. 60(b). If insufficient, the director must specify the area of the insufficiency and give 30 days for compliance. If the compliance is made within the 30 days after notification by the director, the land is determined to qualify as land that meets the requirements of AS 03.07.020." Note an unstated requirement: that the land also meets acreage requirements.

Sec. 60(d) requires notification to a municipality of the determination made under (c). The municipality may request reconsideration. If reconsideration is requested, the director shall hold a public hearing in the municipality before an offer to sell or exchange is given to the owner. The municipality may appeal an adverse decision to the commissioner.

Sec. 70 provides that the director may accept the offer to buy or exchange land or make a counter-offer. The section appears to contain some awkward language; it provides that "The director may accept the offer . . . or may make a counter offer . . . within 90 days after approval of the landowner's offer to sell or exchange an agricultural preservation easement." I suspect that the emphasized phrase should rather read: "a determination of eligibility for exchange or sale of an easement under AS 03.07.060." Another unstated requirement is likely to be that the priority districts have been established; an eager owner may

April 12, 1983

move too fast for the time threshold established in the bill.

The section gives an owner of land 30 days for a response to the offer or counter offer of the director.

Sec. 80(a) provides that the maximum valuation of an easement acquired under this chapter is either (1) the asking price or (2) the difference between the fair market value of the land and the agricultural value of the land, -- whichever is less.

Sec. 80(b) requires the director to use appraisals by qualified appraisers, a defined term.

Sec. 90(a) outlines uses of the land under an agricultural preservation easement. Five broad uses are permitted.

Sec. 90(b) provides that the establishment of an agricultural preservation easement does not grant a member of the public access to the property or affect existing easements, rights-of-way, or rights of access that did not exist before. And "residential subdivision and the removal from the land of minerals or materials [which usually means gravel] for commercial purposes are not permitted."

Sec. 100 establishes definitions. While they are somewhat technical, they do not require review in this analysis. Among the terms defined are "agricultural operations", "agricultural preservation easement", "agricultural use", "agricultural value", "development rights", "fair market value", "qualified appraiser", and "residential subdivision". As suggested at the beginning of this memorandum, "director" means the director of agriculture in the Department of Natural Resources.

Sec. 2 amends AS 29.53.035(a); the amendment specifically provides that

The owner of farm land subject to this subsection who grants an agricultural preservation easement under AS 03.07 may not be required to reimburse the state under this subsection for revenue loss.

The section amended generally permits land not subject to an agricultural preservation easement to receive tax protection so long as it is used for farm purposes. The section

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April 12, 1983

requires a certain reimbursement to the state for its payments of municipal taxes if it is subdivided.

Sec. 3 amends AS 29.53 to provide that land receiving protection under AS 03.07 shall be assessed on the basis of value as farm land.

Sec. 4 conforms AS 38.05.345 to the amendments to the amendments made in this section; sec. 345 relates to notice to the public on the disposition of state land.

Sec. 5 requires a report by the commissioner of natural resources on six aspects of the implementation of AS 03.07.

STATE OF ALASKA  
THE LEGISLATURE

POUCHY STATE CAPITOL  
JUNEAU ALASKA 99811  
907-465-3800


LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 8, 1983

SUBJECT: Agricultural land amendments  
(CSHB 148 (C&RA))

TO: Representative Don Clocksin

FROM: Richard A. Bradley  
Legislative Counsel 

You have requested an analysis of the amendments incorporated into the committee substitute for HB 148. If this memorandum is late, as it seems it may be at this time, I regret that.

An analysis of the changes to HB 148 follows:

As you requested, the "Legislative Findings and Declaration of Purpose" have been eliminated.

The first amendment to bill language is in Sec. 03.07.010(b). The last "if" phrase on lines 23 - 24 of page 2 of the bill is turned into subsec. (b)(1) and the concept you suggested becomes (b)(2). Your request was that concepts of (1) prior classification and (2) disposal consistent with the classification be utilized. I believe that the short phrase added as (b)(2) contains these ideas.

But note that the "director" described in the bill is not the director of the division of lands. See sec. 100(7). Rather, the director is the director of agriculture. As a result, the director carrying out these programs is not going to have supervision of the division of lands programs and the access to the state land. I believe it was for this reason that the early part of sec. 10(b) requires the permission of the commissioner for these disposals. Some coordination between divisions is required.

Your second concept dealt with notice. Rather than developing new concepts of notice, I plugged your request into existing law at AS 38.05.345, with some embellishments. In that connection, see also bill sec. 2.

Representative Don Cocks  
Page 2  
March 8, 1983

Since you wished sec. 10(e) to be eliminated for other reasons, I have put the notice requirements in at sec. 10(e).

Your third request, an amendment to AS 03.07.010(d), is accomplished.

Sec. 03.07.010 is deleted, as noted earlier, and replaced with new material you requested.

Your fifth request was concerned with specific appropriations for this program. See the new sec. 10(g).

The report that you wish from the commissioner of natural resources is requested under bill section 3.

For the moment, I will pass over the request concerned with the municipal tax implications of this bill, particularly as a conforming amendment to AS 29.53.035 is concerned.

Sec. 60(b) is amended to accomplish your request.

Sec. 90(a)(2) is deleted.

The effective date clause is eliminated.

Returning to the tax implications.

I was in the process of drafting an amendment to AS 29.53.035 for addition to the bill when the computer went down. Because I had substantial problems fitting your request into sec. 35 and because I anticipated problems meeting your deadline request, I decided to omit that request, advise you why and send the bill on its way.

The portion of sec. 35 that I would amend is sec. 35(a); that subsection provides:

(a) Farm use lands included in a farm unit and not dedicated or being used for nonfarm purposes shall be assessed on the basis of full and true value for farm use, and shall not be assessed as if subdivided or used for some other nonfarm purpose. The assessor shall maintain records valuing the farm use land for both full and true value and farm use value. Should the farm use land be sold, leased, or otherwise disposed of for uses incompatible with farm use or be converted to a use incompatible with farm use by the owner, the owner

is liable to pay an amount equal to the additional tax at the current mill levy together with eight per cent interest for the preceding seven years, as though the land had not been assessed for farm use purposes. Payment by the owner shall be made to the state to the extent of its reimbursement for revenue loss under (e) of this section for the preceding seven years. The balance of the payment shall be made to the city or borough.

As you can see, the third sentence of sec. 35(a) contemplates that it is a transaction turning the land to a use "incompatible with farm use by the owner" that triggers the repayment. As I suggested to you yesterday, if that use is consistent with agricultural use, then the argument for repayment is vitiated -- or so it seems to me.

But if you believe that such a provision is required, then I suggest the following:.

(a) Farm use land that is [LANDS] included in a farm unit, [AND] not dedicated or being used for nonfarm purposes, and not subject to an agricultural preservation easement shall be assessed on the basis of full and true value for farm use, and shall not be assessed as if subdivided or used for some other nonfarm purpose. The assessor shall maintain records valuing the farm use land for both full and true value and farm use value. Should the farm use land be sold, leased, or otherwise disposed of for uses incompatible with farm use or be converted to a use incompatible with farm use by the owner, the owner is liable to pay an amount equal to the additional tax at the current mill levy together with eight per cent interest for the preceding seven years, as though the land had not been assessed for farm use purposes. Payment by the owner shall be made to the state to the extent of its reimbursement for revenue loss under (e) of this section for the preceding seven years. The balance of the payment shall be made to the city or borough.

I would then also add a new subsection to read:

(f) Farm land subject to an agricultural preservation easement shall be assessed on the basis of full and true value for farm use. The owner of the farm land subject to an agricultural preservation easement is not entitled to benefits under (a) of this section.

Representative Don ( ocksin  
Page 4  
March 8, 1983

If I may be of further assistance, please advise.

RAB:ljb

1/016



# Matanuska-Susitna Borough

BOX B. PALMER, ALASKA 99645 • PHONE 745-4801

DEPARTMENT OF ADMINISTRATION

January 10, 1983

Billy G. Berrier, Director  
Division of Legal Services  
Legislative Affairs Agency  
Pouch Y  
Juneau, Alaska 99811

Dear Billie:

Subject: FARM LAND PRESERVATION BILL

I understand Representative Barbara Lacher will be making arrangements with you on drafting a farm land preservation bill and that she may have already been in contact with you on this.

Attached are

1. Section by section analysis of a draft bill.
2. Draft bill reviewed and approved by Borough Agricultural Advisory Committee.

The Matanuska-Susitna Borough Assembly has seen the bill and had the bill before it when it included farm land preservation as a Borough FY 83-84 legislative priority. They did not want to make recommendations as to specific wording of a bill.

You may have received an earlier draft. You should be aware of the following changes recommended by the Borough Agricultural Advisory Committee in its testimony before the Assembly in support of a State farm land preservation program on January 4, 1983.

Sec. 38.60.030 LAND ELIGIBLE FOR AGRICULTURAL PRESERVATION. Land eligible for agricultural preservation under this chapter must

...

(3) contain over at least 40 percent of the surface area soils which are classified as classes II, III and IV [CLASSES II, AND III] by the United States Soil Conservation Service; and

(4) be a parcel of at least 40 [20] acres in cultivation or farm use or be a parcel of at least 20 acres in cultivation or

farm use [IN SIZE] adjacent to established  
farms [FARMS OR FARMS] of at least 40 acres  
in size which have been in operation as farms  
for at least ten (10 years).

I am also attaching a copy of the King County (Washington) farm preservation ordinance from which we borrowed and a list of farms in this Borough that are presently under the State property tax deferral program. Some of the farms listed are representative of the type of farms in which agricultural easements would be sought.

Representative Lacher is out of the state at this time so I wanted you to get this material now in case you are in the middle of work on a farm land preservation bill at this time.

I recognize that you draft bills only at the request of a legislator and word them to meet the specific objectives of the legislator. So, if I have jumped the gun, would you wait for Representative Lacher's call.

Representative Lacher was a member of the Borough Agricultural Action Council until she resigned from the Assembly to take her seat in the Legislature so she is familiar with the wording of the attached bill.

Sincerely,



Gary Thurlow  
Borough Manager

er

cc: Representative Barbara Lacher  
Tracy Moffitt, Chairman  
Agricultural Committee

SECTION BY SECTION ANALYSIS OF AN ACT  
RELATING TO THE PRESERVATION OF AGRICULTURAL LAND

Section 38.60.010 Findings and Declaration of Purpose. This section is probably not necessary. Ordinarily findings and declaration of purpose simply add to the bulk of the statute books. This section is adapted from Section 2, of King County Ordinance No. 4341 which is the King County ordinance relating to the acquisition of voluntarily offered interest in farm and open space in King County, which ordinance was funded through a bond issue approved by a vote of King County voters and which obtained in excess of the 60% vote required by State of Washington law. The county commissioners of King County used the findings and declaration of purpose presumably for one or two purposes including:

(1) to help explain the proposition to the voters of King County, and

(2) upon advice of King County bond counsel to the end that buyers of agricultural preservation bonds would have a better idea of the uses of the general obligation bond monies.

In this case, the findings and declaration of purpose may better explain the purposes of the bill to Alaska legislators.

Section 33.60.020. Acquisition of Agricultural Preservation Easements. This section sets up the mechanism for the director of agriculture to purchase or otherwise acquire a agricultural preservation easement in property.

State land is made available as an alternate means of exchange.

In the Matanuska-Susitna Borough, available state land would probably be limited to tracts in the state agricultural project, such as the Fish Creek Agricultural Project, or lots and parcels generated through the establishment of state subdivisions within the borough. Parcels in the agricultural projects would give the owner an opportunity to obtain additional agricultural land; lots in parcels within a state subdivision would almost always be non-agricultural in character.

There is an almost total absence of state owned lands in the Matanuska-Susitna Borough which are agricultural in character and which now have access.

Subsection (e) giving the director the right to acquire future interests in farm land was added in the event a owner is in a particular tax situation where he can get an attractive tax deduction for dedicating a future interest, such as a remainder interest upon the expiration of the grantor's life, the life of the grantor's spouse, or the life of one or more other individuals. Very often, an owner of agricultural land is willing to accept less than full value for the agricultural preservation easement and donate the balance for a federal income tax deduction. Subsection (e) is another tool to be used in negotiations with a owner who is seeking further tax deductions.

Subsection (f) includes provisions requested by the Borough Agricultural Advisory Committee including:

(1) the decision to convey an agricultural preservation easement is strictly voluntary and relates only to lands nominated by a particular owner or owners;

(2) the owner is free to farm as he sees fit or to refrain from farming, so long as the owner does not develop his property. The proviso at the end beginning with "so long as" is taken from the King County ordinance.

Section 38.60.030. Land Eligible for Agricultural Preservation. The purpose this section is to limit the application of the act to those lands which have agricultural value. Under a borough land disposal ordinance of 1975, the borough will only dispose of agricultural rights in borough lands in parcels of 40 acres or larger which have 40% or more Class II and III soils. Item (3) of this section refers to classes I through III. There are no Class I soils in the State of Alaska because of climatic constraints; however, with a re-evaluation of these constraints it is possible that some Class II soils might be reclassified as Class I soils.

Section 38.60.040. Priorities for Acquisition. This section gives the director of agriculture criteria to follow when insufficient monies are appropriated for all the demands that would be made upon an agricultural preservation easement fund. It is a virtual certainty that the amount of appropriations for farm land preservation will be substantially lower than the funds which could be used; accordingly, there has to be a means of rationing available monies other than first come first served.

Subsection (b) is adapted from the King County ordinance.

Subsection (c) has been added to require the director of agriculture to refer to any municipal comprehensive plan. Lands which the municipality consider to be high priority agricultural lands may be described in the comprehensive plan.

Section 38.60.050. Application to Exchange or Sell Easement in Agricultural Land. This sets forth what appears to be a rather stiff procedure. If the person administering the program on behalf of the state is dedicated to preserving farm land, he will be able to review a number of different tax saving approaches with the property owner so that the property owner would have a range of options to consider. Successful farm land preservation programs require the time and effort of someone who is dedicated and knowledgeable in land uses and conveyances.

Sections 38.60.060--.090--These are technical provisions which are self-explanatory.



STATE OF ALASKA  
OFFICE OF THE GOVERNOR

BILL ANALYSIS

Department Natural Resources	Sponsor (Principal) Lacher and Larson	Bill Number HB 148
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Department Position:  
While the Department favors the concept of preserving agricultural land for agricultural use, we do not endorse this program.

Commission Director Bill Heim	Date 2/22/83	Commissioner's Signature <i>William D. Arnold, Deputy</i>	Date 2/22/83
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GOVERNOR'S OFFICE USE

Comments:

<input type="checkbox"/> Position Noted	By	Date
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SUMMARY

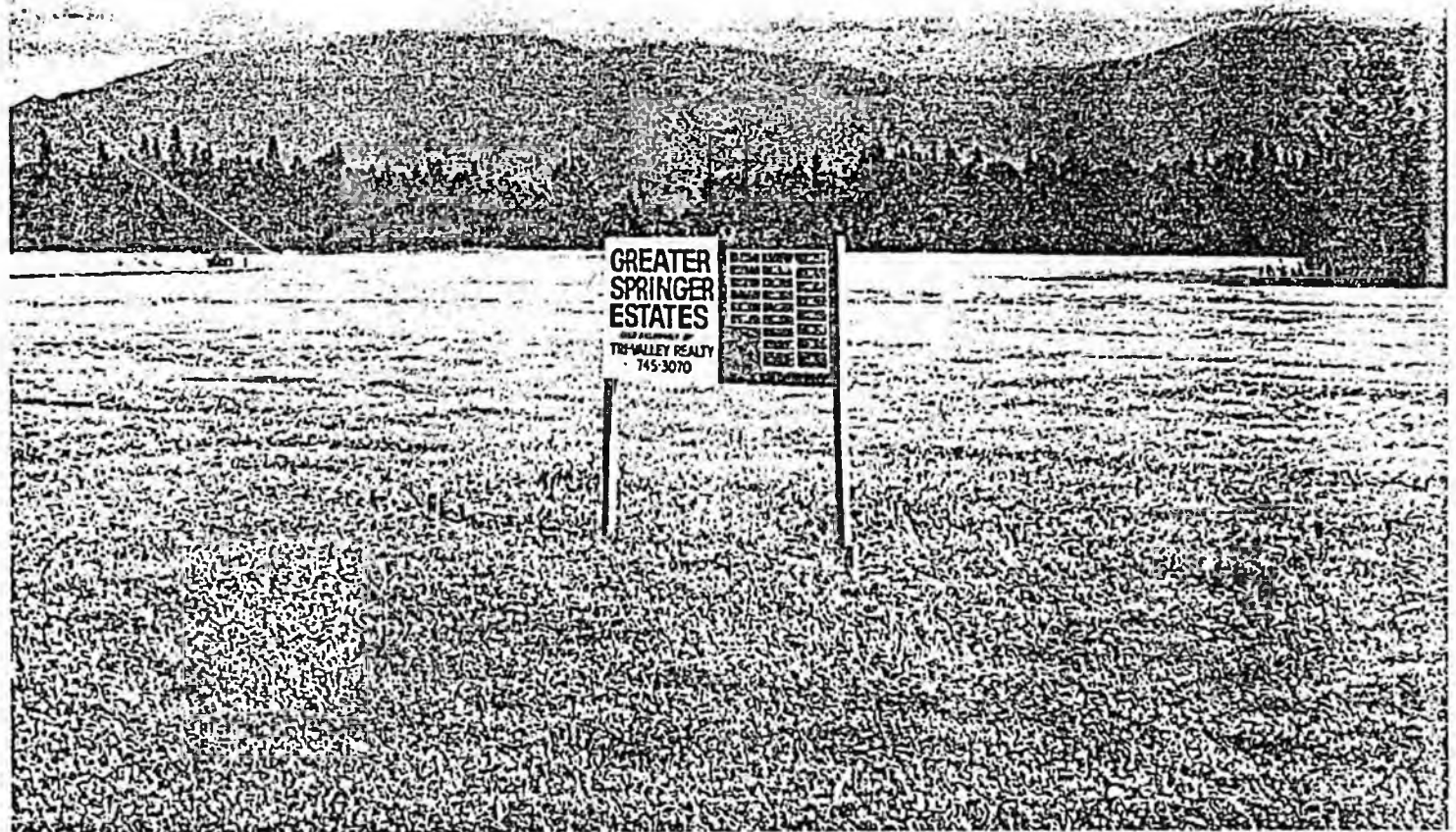
2) Related Bills (Similar or Conflicting) None	1. b) Other Agencies Affected by Bill Div. of Land and Water Management
a) Organizational Support for Bill Farm Industry Mat-Su Borough	2. b) Organizational Opposition to Bill Unknown

Program Effects of Bill  
Preserve present privately owned agricultural lands from further subdivision development. Major impact would be in the Matanuska Valley and the Fairbanks area. An estimated 20,000 acres of crop land could be protected from loss to other uses under this bill.

Fiscal Impact:  None  Fiscal Note Attached

Amendments Proposed COMMENTS:

A very expensive method of promoting agriculture. An estimated \$175,000,000 would be required to purchase the rights on 70,000 acres of privately owned farm lands of which 20,000 acres is in production. This same amount of dollars could be used to develop an estimated 350,000 acres of new land sold by the State in the next five to six years based on a \$500/per acre development costs. This bill will probably not expand agriculture production significantly. The Bill may have more value as a method of preserving open space than expanding agriculture.



## Will Alaskan Farmers Sell the Development Rights to their Land?

By William G. Workman\*, Edward L. Arobio\*\*,  
and Anthony F. Gasbarro\*\*\*

### INTRODUCTION

In Alaska, as in many other parts of the country, market forces are producing a change in land-use patterns that is resulting in the conversion of highly productive agricultural lands to nonagricultural uses. Property on the urban fringes of Anchorage and Fairbanks that once produced vegetables and grains or supported dairy farms appears most vulnerable to this conversion to residential or industrial sites. Within the last three years

alone, for example, 27 farms have been subdivided in the Palmer-Butte area of the Matanuska Valley. Many of the subdivisions along the Parks Highway between Willow and Talkeetna are located on lands with high agricultural potential.

This displacement of farms by subdivisions, roads, shopping centers, and other nonagricultural enterprises is viewed by some Alaskans as not being in the state's best interest. Those concerned about the loss of agricultural lands argue that the areas most likely to be converted represent some of the best agricultural lands in the state and are vital to the maintenance and further development of an agricultural economy in Alaska. In addition, it is suggested that the preservation of these areas will help to maintain a much-desired way of life and to provide needed open space and other environmental amenities at the urban fringe. These concerns have resulted in actions by the

\* Associate Professor of Economics, Agricultural Experiment Station, Fairbanks.

\*\* Research Associate in Economics, Agricultural Experiment Station, Fairbanks.

\*\*\* Forester, Agricultural Experiment Station, Fairbanks.