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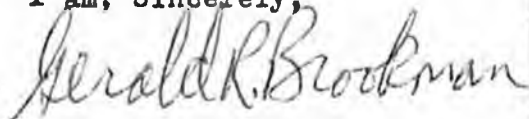
Representative Alvin Osterback
Chairman, House Resources Committee
Pouch V
Juneau, Alaska 99811

1220 "F" Street
Anchorage, Alaska 99501
April 22nd, 1977

Dear Representative Osterback:

I realize that this session of the legislature is rapidly drawing to a close. However, since it still has to make it through the House Finance Committee, the full House, and then the Senate, if it is ever to be enacted into law, and since so far as I'm aware your committee hasn't yet held any hearings on it or given it any consideration, I hope that you will do your best to take action on H.B. 348, dealing with tax assessment of agricultural lands in our state. I believe that the passage of this bill is vital to the future of agriculture in our state, and I urge your favorable consideration of it at the earliest possible time.

I am, Sincerely,



Gerald R. Brookman

Michael S. O'Meara
P. O. Box 1125
Homer, Alaska 99603

April 18, 1977

*Theresa
Put in
file*

Hon. Alvin Osterback,
Chairman, Resources Committee
Alaska House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Mr. Osterback:

Upon reading House Bill No. 348, "An Act Relating to Assessment of Farm Use Lands," I was most favorably impressed. It is my desire to see legislation of this sort passed, and I strongly support the intent and general wording of this bill.

Having come to Alaska eight years ago, I obtained 120 acres of land near Homer with the intent of developing its agricultural potential. Not being an experienced farmer, and lacking great amounts of capital, I have been forced to proceed slowly, confining my efforts to research, small scale experimentation, and fence building, while supporting myself as a teacher. As a cooperater with the Soil Conservation District, I am starting to formulate a long-term agricultural plan and am attempting to develop my land in a methodical, responsible, environmentally sound manner. I do not look forward to enjoying any significant income from the land in the near future, therefore.

It has so far been my experience that those people who eventually have success with the land are willing to make a long term commitment to their goals, while those expecting a rapid return on their investments most frequently fail, destroying the quality of their land in the process. Unfortunately, the existing system of assessing and taxing land has served to discourage those patient people who could best manage our valuable agricultural lands. Conversely, this system supports and encourages the land speculator who is characteristically concerned with nothing but personal, short term, financial gain.

In our area, land values remained rather constant until the population expansion resulting from North Slope oil development and the resulting Alyeska Project became evident. At this time various individuals began to subdivide and market small parcels of land at relatively high prices. As inflation devalued our dollars, and high wages from oil related employment made more cash available, demand for real property increased dramatically. Much of the land, as I am sure you know, was and is purchased as a defense against inflation or for further speculation. Under existing law, of course, the local assessor values all

Hon. Alvin Osterback,
April 18, 1977
Page 2

lands in the vicinity of such activity at or near the price of most recent sale, and there is a corresponding rise of everyone's tax rate. This is almost meaningless for the new property owner who holds small acreage, and the speculator is able to compensate through tax credit maneuvering or increased sale prices (in turn further inflating land values). What is the effect upon the agriculturalist, who must retain relatively large parcels of land, while enjoying at the most a modest income? Obviously we both know what happens as this process unfolds. Unable to support the expanding tax burden, farmers are forced to sell their holdings and the land is subdivided, further increasing what are already intolerable conditions for those who continue to pursue the agricultural course. This is, of course, a major reason that agricultural land in the United States is being removed from production at a rate of 1-1/4 million acres each year.

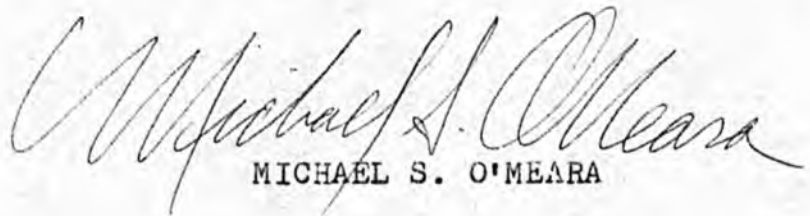
Since obtaining my property in 1971, I have watched the above mechanism function, raising my taxes by 130% in 1975, while this year my assessment forms indicate an intended increase of 82% over that high figure. Continuing at this rate, few years will be required to make it impossible for me to exist on this land. How can it be just for people such as myself to be destroyed while unscrupulous promoters are encouraged to realize as high as 1000% profit from sales of 1/4 acre, muskeg lots to youngsters from California who come seeking the Alaskan dream?

If the State of Alaska does, as stated so frequently, wish to encourage agriculture, a bill such as H.B. 348 is needed now. I would support any effort to establish such protection for the farm, while suggesting that two items be considered for inclusion in the final legislation. In Section 1(a) the bill refers to a "farm unit." To protect those of us now engaged in agricultural development, this should be clearly defined in such a way as to allow us to be qualified for agricultural assessment. Please do not allow this term to be so structured as to apply only to those areas of the state where new developments are being proposed. Then, in the last line of Section 2, the phrase "not compatible with farm use" appears. So as to avoid the error of forcing the clearing of land at a rate which is inconsistent with sound soil management and long-term planning, be sure to include lands held in the natural state in the "farm use" classification. With the application of the penalty clause to be found in Section 1, the bill can protect against abuse of the law by speculators claiming to be farmers.

Hon. Alvin Osterback
April 18, 1977
Page 3

Perhaps I am a fool to persist in the idea that this Alaskan soil of ours means more than dollars. As I sit and look across it, however, I see open space for people and wildlife, wholesome food for a hungry world, and the promise of a non-destructive integration of human effort with abundant resources. Without your continuing support, such a vision may well prove to be an impossible delusion, however.

Sincerely,

A handwritten signature in cursive script, reading "Michael S. O'Meara". The signature is written in dark ink and is positioned above the printed name.

MICHAEL S. O'MEARA

MSO:jo

14B 348

March 14, 1977

The Honorable Hugh Malone
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18 of the Alaska Constitution, and in accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill relating to the assessment of farm use land.

The bill would create an enforcement mechanism by which the state could recover funds it currently pays to municipalities to reimburse them for revenues lost as a result of the differential assessment of farm use land under AS 29.53.035. The current statute provides that the owner of the land is liable to the state for this money when the land is converted to a use incompatible with farm use, but there is no mechanism for collection of these funds. Experience has shown that it is virtually impossible to do so, particularly since a change in land use frequently follows a change in ownership, and the previous owner frequently is outside the jurisdiction of the Alaska court. This bill would provide a mechanism for collection of this money following a change in land use by creating a lien in favor of the state against the property. The lien becomes enforceable on change of the land to a purpose not compatible with farm use.

The bill also would eliminate an apparent contradiction in the existing statute.

Sincerely,

Jay S. Hammond
Governor

I. REQUEST
 Bill/Resolution No. Proposed Legislation **HB 348**
 Title An Act Relating to the Assessment of Farm Use Land
 Requested by Office of the Governor Date March 3, 1977

II. FISCAL DETAIL
 Agency Affected Department of Community and Regional Affairs
 Program Category Affected Development
 Budget Request Unit(s) Affected State Assessor - 21-73-3-01-16-00

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES		.3	.3	.3	.4	.4
200 TRAVEL						
300 CONTRACTUAL		.5	.5	.5	.6	.6
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		0	0	0	0	0
TOTAL		.8	.8	.8	1.0	1.0

FUNDING (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
GENERAL FUND		.8	.8	.8	1.0	1.0
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
FULL TIME		0	0	0	0	0
PART TIME		0	0	0	0	0
TEMPORARY		0	0	0	0	0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Administrative Costs; include approximately one week of clerical time involved in the preparation of approximately 100 lien forms (\$285) and recording fees of \$5.00 for each lien form filed for recordation. (\$500) No additional grant funds required.

Section 1 of the bill would eliminate an apparent contradiction in existing law relating to the dual assessment requirement which is necessary to determine the dollar amount of deferred tax liability.

Section 2 of the bill would create an enforcement mechanism by which the state could recover funds it currently pays to municipalities to reimburse them for revenues lost as a result of the differential assessment of farm use land under AS 29.53.035. The current statute provides that the owner of the land is liable to the state for this money when the land is converted to a use incompatible

Analysis Continued:

IV. DATE March 3, 1977 PREPARED BY *Robert Dwyer*
 AGENCY Department of Community and Regional Affairs
 PHONE 465-4730
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

with farm use, but there is no mechanism for collection of these funds. Experience has shown that it is virtually impossible to do so, particularly since a change in land use frequently follows a change in ownership, and the previous owner frequently is outside the jurisdiction of the Alaska court. This bill would provide a mechanism for collection of this money following a change in land use by creating a lien in favor of the state against the property. The lien becomes enforceable on change of the land to a purpose not compatible with farm use.

No Additional Grant Funding Required.

FY 77 BRU Grant (Authorized \$110,000)

<u>Preliminary Program Analysis</u>		<u>Average Per Applicant</u>
No. of Applicants	88	
No. of Acres	16,150	184
Deferred Value	11,562,457.	131,392.
Deferred Tax Dollars	\$99,179.	\$1,127.

FY 78 BRU Grant (Governor's request \$125,000)

HB

359

7 January
97

4/26 - held for amendments -
Bill Beaman
Rep.



Federal-State
Land Use Planning Commission
For Alaska

April 15, 1977

Honorable Kris W. Lethin
House of Representatives
Alaska State Legislature
Pouch V
Juneau, Alaska 99801

Copy

Dear Mr. Lethin:

RE: Proposed Alaska Homestead
Act, HB 359

I appreciate your request for input on your proposed "Alaska Homestead Act," (HB 359). The Commission has also been considering methods of State land disposal to private parties. You may have read Agenda for State Lands which is our basic background analysis of this issue. We have come to a conclusion about State land disposal methods which is different from yours. Our recommendation is for a range of disposal methods carefully tailored to meet the differing needs of people who want to acquire State property.

We believe a diversified approach is needed because the land requirements of parties seeking to acquire State lands vary widely depending on the use and purpose proposed. In southeastern Alaskan communities, there is a shortage of sites for expansion of the permanent community. Here the supply of usable land is extremely scarce, and lots should be laid out so that service by urban utilities is feasible. Careful subdivision planning to make good use of scarce buildable land is essential in this situation. On the other hand, in areas of Alaska where the demand for State land is for agricultural use, tracts should be large enough to enable economic farming. As much as 640 acres per unit may be necessary for some forms of agriculture. In other areas of Alaska, people want to acquire State land so they can build a cabin for weekend recreation. For this purpose, sites fronting on a lake large enough for a float plane, or sites with road access, are at a premium. In this case, as in the urban situation, the State supply of suitable land is extremely limited, and the method of disposal should be designed to make land available to as many potential users as possible. To do so, lots or tracts must be sized to fit the purpose of the user. Industrial developers also have very specific locational requirements, and often prefer a leasehold interest to fee ownership.

To accommodate these and other different needs for State lands, now and in the indefinite future, the Commission believes that the State should utilize a range of land disposal methods fitting a variety of situations. Fulfilling the constitutional intent to make land available for "maximum use and development consistent with the public interest" requires careful consideration of the varying needs of different users in terms of location, accessibility, tract size, and method of tenure. As our

background study revealed, a major failing of the large tract disposals of the past was that properties were acquired by parties whose primary purpose was speculative and the individual who actually wanted to use and develop the land was preempted.

As you analyze the practical effects and long-range impacts of your proposal, we suggest consideration of the following questions:

1. How would you equalize the distribution of benefits under your grant program? Won't the few parties who are able to acquire 160 acres in an accessible location receive an enormous windfall, while most would receive inaccessible and therefore unusable land?
2. The State's main source of leverage in relation to the Federal government in the forthcoming d-2 decision lies in the fact the State controls vast acreages which are intermingled with Federal lands. Land use in one area of ownership affects the other. On this basis, various parties, including Governor Hammond, Senator Stevens, Representative Young, Senator Gravel and this Commission, have proposed a cooperative management system giving the State a voice in the management of Federal lands. If up to 80 percent of the State land is committed to private ownership, as proposed in your bill, would the State severely weaken its voice in the planning of Federal lands?
3. Is the State's responsibility regarding State-owned lands limited to residents as of 1977? What about future generations?
4. What are the implications of your proposal in terms of public demand for roads, schools, and fire and police services?
5. What we know as the Alaska way of life has a great deal to do with the availability of accessible public lands where people can hunt, fish, and enjoy nature without confronting "no trespassing" signs. State lands are essentially the close-in public lands accessible to the average citizen. How will closure of these lands to public access alter the Alaska life style?

There are numerous other questions that come to mind about the impact of the proposed bill, but I expect you are analysing these and other matters in the process of your review.

Again, we appreciate the opportunity to comment on your proposal.

Sincerely,



Walter B. Parker
State Co-Chairman

cc: Members of House and Senate Committees on Resources, Community and Regional Affairs, and State Affairs.



Official Business

Alaska State Legislature

House of Representatives

Office of the Speaker

Pouch V
State Capitol
Juneau, Alaska 99811

M E M O R A N D U M

TO: Representative Al Osterback, Chairman
House Resources Committee

FROM: Hugh Malone

DATE: May 24, 1978

Enclosed for your information is a copy of the fiscal note on the homestead initiative provided by Department of Natural Resources.

FISCAL NOTE

Rec'd 2/20/78

I. REQUEST

Bill/Resolution No. HB 353/Proposition 10
 Title Alaska Homestead Act/Initiative
 Requested by House Resources Committee Date April 10, 1978

II. FISCAL DETAIL

Agency Affected Department of Natural Resources, Department of Administration, Court System
 Program Category Affected Lands, Recording
 Budget Request Unit(s) Affected _____

EXPENDITURES (Thousands of Dollars)

	Scenario A		Scenario B		FY 81	FY 82	FY 83
	FY 78	FY 79	FY 79	FY 80			
100 PERSONAL SERVICES		\$20,169	\$ 8,057				
200 TRAVEL		80	32				
300 CONTRACTUAL		5,823	2,329				
400 COMMODITIES		717	187				
500 EQUIPMENT		508	208				
600 LAND & STRUCTURES		-----	-----				
700 GRANTS, CLAIMS, ETC.		-----	-----				
TOTAL		\$27,297	\$10,739				

FUNDING (Thousands of Dollars)

GENERAL FUND	\$27,297	\$10,739			
FEDERAL FUNDS					
OTHER (Specify)					

POSITIONS

FULL TIME	850	339			
PART TIME					
TEMPORARY					

The above costs assume all eligible Alaskans (about 250,000) will make only one application during the first year. See attached background fiscal analysis.

Scenario B

The above costs assume 100,000 Alaskans will make only one application during the first year. See attached background fiscal analysis.

IV. DATE April 25, 1978

PREPARED BY Douglas Mutter

AGENCY Department of Natural Resources

PHONE 279-5577

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/77)

Background
Fiscal Analysis
of the
Homestead Initiative/HB 359

Two scenarios are presented for estimating costs and revenues possibly resulting from enactment of the Homestead Initiative in November. The low scenario assumes 100,000 applicants the first year -- a figure estimated by the Initiative sponsors. The high scenario assumes 200,000 applicants the first year -- this is approximately the estimated eligible population as of January 1979.

Costs developed for each scenario may be low due to the fact that a person may apply for a grant every 90 days under the Initiative, even though they can receive only one grant per year. Conceivably then, each person could make four applications per year. Costs are even more difficult to predict for succeeding years because population growth, re-applications, applications of newer versus longer term residents, etc. are dynamic factors affecting use of the "homesteading" program.

The Department is prepared to develop additional fiscal information for scenarios of 500,000 applicants or 1,000,000 applicants (with the assumption that the 3-year residency is struck down to 30 days by the courts) at the request of the legislature.

Scenario A: 250,000 Applicants

Applicant Costs

1. A \$6.00 fee is normally required per recording:
 $\$6.00 \times 250,000 \text{ applications} =$ \$1,500,000

2. Each application must be accompanied by a
\$75.00 fee (if applicant furnishes title search) or
\$100.00 fee (if no title search is submitted):

assume: 100,000 applications \times \$75.00 and;
150,000 applications \times \$100.00 = \$22,500,000

3. A successful applicant must provide a survey
within 5 years to gain patent. Survey costs
for the first years grants would be (although
costs may occur over a five year period, for
convenience this figure represents costs re-
sulting from the first years activity; in
succeeding years, new applicant's survey costs
would further complicate annual estimates):

assume: \$1,500 per 40 acres \times 250,000 grants = \$375,000,000

4. Each applicant must publish notice of his
application once a week for three consecutive
weeks in a local newspaper:

assume: \$23.00/3 lines/3 days \times 250,000 = \$5,750,000

5. TOTAL applicant costs, first year = \$404,750,000

Lost Revenues

1. Possible revenue lost to the public because state
lands will be gratis (assuming the state sold all
acres and not considering lease possibilities,
inflation over the time it would take for state
disposals of this size, etc.):

assume: an average cost of \$500 per acre, so:
 $\$500.00 \times 40 \text{ acres} \times 250,000 =$ \$500,000,000

2. Revenue lost to the public because property taxes
are not paid until one year after patent (which will
mean 6 years because patent comes after the 5 year
survey requirement is met):

this depends on assessed value of land,
whether located in a borough and which
one annual assessment procedures, etc. = \$ unknown

3. TOTAL lost revenues, first year = at least \$500,000,000

Unaccounted Taxpayer or Landowner Costs

1. Many services will be required by "homesteaders" including roads (at \$15,000 to \$150,000 per mile, construction only), schools (as required by law), utilities, police, fire, health, etc. The provision withholding state services for 15 years is questionable, in the case of schools at least, and still leaves costs at year 15 to be accounted for = \$ UNKOWN

Administrative Costs

1. The sheer volume of paperwork, legal requirements, verification, notification, etc. for the anticipated number of applications will require the manpower/dollars outlined in the following table, or a tremendous backlog and delay in the title clearing process will be encountered. TOTAL = \$27,297,238

Revenue

1. Revenue to the State resulting from the \$5.00 filing (recording) fee would be:
 $\$5.00 \times 280,000 \text{ applications} = \$1,400,000$
2. Revenue to the State resulting from the \$75.00 to \$100.00 application fee, based upon the above cost breakdown, would be = \$22,500,000
3. TOTAL revenues to the State = \$24,000,000

Summary of Estimated
First Year Administrative Costs
@ 250,000 Applicants -- Homestead Initiative

<u>Agency</u>	<u>No. Employees</u>	<u>Personal Services</u>	<u>Travel</u>	<u>Contractual</u>	<u>Commodity</u>	<u>Equipment</u>	<u>Totals</u>
<u>Department of Natural Resources</u>							
A. Planning & Classification	4	\$ 116,574	\$ 7,607	\$ 33,195	\$ 1,377	\$ 1,732	\$ 160,559
B. Survey & Records	693	16,599,249	50,000	5,400,000	500,000	450,000	22,999,249
C. Land & Water Management	50	1,299,213	5,000	140,000	25,000	50,000	1,519,213
D. Administration	30	552,223	2,874	38,850	51,000	6,040	651,017
E. Subtotal	777	\$16,567,259	\$65,555	\$5,612,075	\$577,377	\$507,772	\$22,930,038
<u>Department of Administration & Court System</u>							
A. Recording	23	\$ 1,661,400	\$14,300	\$ 210,900	\$140,000	\$ -0-	\$ 1,967,200
<u>TOTALS</u>	<u>800</u>	<u>\$20,158,659</u>	<u>\$80,455</u>	<u>\$5,822,975</u>	<u>\$717,377</u>	<u>\$507,772</u>	<u>\$27,297,238</u>

Note: See the appendix for a detailed cost breakdown of this scenario.

Applicant Costs

1. A \$8.00 fee is normally required per recording:
 $8.00 \times 100,000 \text{ applications} =$
 \$800,000
 2. Each application must be accompanied by a
 $515.00 \text{ fee (if applicant furnishes title search) or}$
 $5100.00 \text{ fee (if no title search is submitted):}$
 assumed: $40,000 \text{ applications} \times 515.00 \text{ and}$
 $60,000 \text{ applications} \times 5100.00 =$
 \$9,880,000
 3. A successful applicant must provide a survey
 within 5 years to gain patent. Survey costs
 for the first years grants would be:
 assumed: $51,500 \text{ per } 40 \text{ acres} \times 100,000 \text{ grants} =$
 \$5150,000,000
 4. Each applicant must publish notice of his
 application once a week for three consecutive
 weeks in a local newspaper:
 assumed: $523.00/\text{line}/3 \text{ days} \times 100,000 =$
 \$52,300,000
 5. TOTAL applicant costs, first year =
 $5167,900,000$
-
1. Possible revenue lost to the public because state
 lands will be granted (assuming the state sold all
 acres and not considering lease possibilities,
 inflation over the time of state disposals of
 this size, etc.):
 assumed: an average cost of \$500 per acre, so:
 $500.00 \times 40 \text{ acres} \times 100,000 =$
 $500,000,000$ - 2. Revenue lost to the public because property taxes
 are not paid until one year after patent (which will
 mean 6 years because patent comes after the 5 year
 survey requirement is met):
 this depends on assessed value of land,
 whether located in a borough and which
 one, annual assessment procedures, etc. =
 \$ unknown
- 3. TOTAL lost revenues, first year =
 $500,000,000$
 at least \$200,000,000

Unaccounted Taxpayer or Landowner Costs

1. Many services will be required by "homeowners" including roads (at \$15,000 to \$20,000 per mile, construction only), schools (as required by law), utilities, police, fire, health, etc. The provision withholding state services for 15 years is questionable, in the case of schools at least, and still leaves costs at year 15 to be accounted for =

\$ unknown

Administrative Costs

1. The sheer volume of paperwork, legal requirements, verification, notification, etc. for the anticipated number of applications will require the support/collars outlined in the following table, or a tremendous backlog and delay in the title clearing process will be encountered (calculated at 40% of the costs of scenario A). TOTAL =

\$10,738,696

Revenue

1. Revenue to the State resulting from the \$6.00 filing (recording) fee would be:
\$6.00 X 100,000 applications = \$600,000
2. Revenue to the State resulting from the \$75.00 to \$100.00 application fee, based upon the above cost breakdown, would be *
\$9,000,000
3. TOTAL revenues to the State =
\$9,600,000

Summary of Estimated
First Year Administrative Costs
8 100,000 Applicants -- Homestead Initiative
(figured at 4% of scenario A)

<u>Agency</u>	<u>No. Employees</u>	<u>Personal Services</u>	<u>Travel</u>	<u>Contractual</u>	<u>Commodity</u>	<u>Equipment</u>	<u>Totals</u>
<u>Department of Natural Resources</u>							
A. Planning & Classification	2	\$ 46,630	\$ 3,072	\$ 13,278	\$ 551	\$ 693	\$ 64,224
B. Survey & Records	272	6,639,700	20,000	2,160,000	20,000	180,000	9,019,700
C. Land & Water Management	20	519,685	2,000	56,000	10,000	20,000	607,685
D. Administration	<u>12</u>	<u>220,809</u>	<u>1,150</u>	<u>15,552</u>	<u>20,400</u>	<u>2,415</u>	<u>260,326</u>
E. Subtotal	306	\$7,426,904	\$26,222	\$2,244,830	\$ 50,951	\$203,109	\$ 9,952,016
<u>Department of Administration & Court System</u>							
A. Recording	33	\$ 640,560	\$ 5,960	\$ 84,360	\$ 56,000	\$ -0-	\$ 786,880
<u>TOTALS</u>	<u>339</u>	<u>\$8,067,464</u>	<u>\$32,182</u>	<u>\$2,329,190</u>	<u>\$106,951</u>	<u>\$203,109</u>	<u>\$10,738,896</u>

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 359/Proposition 10
 Title Alaska Homestead Act/Initiative
 Requested by House Resources Committee Date April 19, 1978

II. FISCAL DETAIL

Agency Affected Department of Natural Resources, Department of Administration, Court System
 Program Category Affected Lands, Recording
 Budget Request Unit(s) Affected _____

EXPENDITURES (Thousands of Dollars)

	Scenario A		Scenario B			
	FY 78	FY 79	FY 79	FY 81	FY 82	FY 83
100 PERSONAL SERVICES		\$20,169	\$ 8,067			
200 TRAVEL		80	32			
300 CONTRACTUAL		5,823	2,329			
400 COMMODITIES		717	107			
500 EQUIPMENT		508	203			
600 LAND & STRUCTURES		-----	-----			
700 GRANTS, CLAIMS, ETC.		-----	-----			
TOTAL		\$27,297	\$10,739			

FUNDING (Thousands of Dollars)

GENERAL FUND		\$27,297	\$10,739			
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME		860	339			
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Scenario A

The above costs assume all eligible Alaskans (about 250,000) will make only one application during the first year. See attached background fiscal analysis.

Scenario B

The above costs assume 100,000 Alaskans will make only one application during the first year. See attached background fiscal analysis.

IV. DATE April 25, 1978 PREPARED BY Douglas Mutter
 AGENCY Department of Natural Resources
 PHONE 279-5577
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Background
Fiscal Analysis
of the
Homestead Initiative/HB 359

Two scenarios are presented for estimating costs and revenues possibly resulting from enactment of the Homestead Initiative in November. The low scenario assumes 100,000 applicants the first year -- a figure estimated by the Initiative sponsors. The high scenario assumes 250,000 applicants the first year -- this is approximately the estimated eligible population as of January 1979.

Costs developed for each scenario may be low due to the fact that a person may apply for a grant every 90 days under the Initiative, even though they can receive only one grant per year. Conceivably then, each person could make four applications per year. Costs are even more difficult to predict for succeeding years because population growth, re-applications, applications of newer versus longer term residents, etc. are dynamic factors affecting use of the "homesteading" program.

The Department is prepared to develop additional fiscal information for scenarios of 500,000 applicants or 1,000,000 applicants (with the assumption that the 3-year residency is struck down to 30 days by the courts) at the request of the legislature.

Scenario A: 250,000 Applicants

Applicant Costs

1. A \$6.00 fee is normally required per recording:
$$\$6.00 \times 250,000 \text{ applications} = \$1,500,000$$
2. Each application must be accompanied by a
\$75.00 fee (if applicant furnishes title search) or
\$100.00 fee (if no title search is submitted):
assume: 100,000 applications X \$75.00 and;
150,000 applications X \$100.00 = \$22,500,00
3. A successful applicant must provide a survey
within 5 years to gain patent. Survey costs
for the first years grants would be (although
costs may occur over a five year period, for
convenience this figure represents costs re-
sulting from the first years activity; in
succeeding years, new applicant's survey costs
would further complicate annual estimates):
assume: \$1,500 per 40 acres X 250,000 grants = \$375,000,000
4. Each applicant must publish notice of his
application once a week for three consecutive
weeks in a local newspaper:
assume: \$23.00/8 lines/3 days X 250,000 = \$5,750,000
5. TOTAL applicant costs, first year = \$404,750,000

Lost Revenues

1. Possible revenue lost to the public because state
lands will be gratis (assuming the state sold all
acres and not considering lease possibilities,
inflation over the time it would take for state
disposals of this size, etc.):
assume: an average cost of \$500 per acre, so:
$$\$500.00 \times 40 \text{ acres} \times 250,000 = \$500,000,000$$
2. Revenue lost to the public because property taxes
are not paid until one year after patent (which will
mean 6 years because patent comes after the 5 year
survey requirement is met):
this depends on assessed value of land,
whether located in a borough and which
one, annual assessment procedures, etc. = \$ unknown
3. TOTAL lost revenues, first year = at least \$500,000,000

Unaccounted Taxpayer or Landowner Costs

1. Many services will be required by "homesteaders" including roads (at \$15,000 to \$150,000 per mile, construction only), schools (as required by law), utilities, police, fire, health, etc. The provision withholding state services for 15 years is questionable, in the case of schools at least, and still leaves costs at year 16 to be accounted for = \$ unknown

Administrative Costs

1. The sheer volume of paperwork, legal requirements, verification, notification, etc. for the anticipated number of applications will require the manpower/dollars outlined in the following table, or a tremendous backlog and delay in the title clearing process will be encountered. TOTAL = \$27,297,238

Revenue

1. Revenue to the State resulting from the \$6.00 filing (recording) fee would be:
 $\$6.00 \times 250,000 \text{ applications} =$ \$1,500,000
2. Revenue to the State resulting from the \$75.00 to \$100.00 application fee, based upon the above cost breakdown, would be = \$22,500,000
3. TOTAL revenues to the State = \$24,000,000

Summary of Estimated
First Year Administrative Costs
@ 250,000 Applicants -- Homestead Initiative

<u>Agency</u>	<u>No. Employees</u>	<u>Personal Services</u>	<u>Travel</u>	<u>Contractual</u>	<u>Commodity</u>	<u>Equipment</u>	<u>Totals</u>
<u>Department of Natural Resources</u>							
A. Planning & Classification	4	\$ 116,574	\$ 7,681	\$ 33,195	\$ 1,377	\$ 1,732	\$ 160,559
B. Survey & Records	693	16,599,249	50,000	5,400,000	500,000	450,000	22,999,249
C. Land & Water Management	50	1,299,213	5,000	140,000	25,000	50,000	1,519,213
D. Administration	<u>30</u>	<u>552,223</u>	<u>2,874</u>	<u>38,880</u>	<u>51,000</u>	<u>6,040</u>	<u>651,017</u>
E. Subtotal	777	\$18,567,259	\$65,555	\$5,612,075	\$577,377	\$507,772	\$25,330,038
<u>Department of Administration & Court System</u>							
A. Recording	83	\$ 1,601,400	\$14,900	\$ 210,900	\$140,000	\$ -0-	\$ 1,967,200
<u>TOTALS</u>	<u>860</u>	<u>\$20,168,659</u>	<u>\$80,455</u>	<u>\$5,822,975</u>	<u>\$717,377</u>	<u>\$507,772</u>	<u>\$27,297,236</u>

Note: See the appendix for a detailed cost breakdown of this scenario.

Scenario B: 100,000 Applicants

Applicant Costs

1. A \$6.00 fee is normally required per recording:
$$\$6.00 \times 100,000 \text{ applications} = \$600,000$$
2. Each application must be accompanied by a
\$75.00 fee (if applicant furnishes title search) or
\$100.00 fee (if no title search is submitted):
assume: 40,000 applications X \$75.00 and;
60,000 applications X \$100.00 = \$9,000,000
3. A successful applicant must provide a survey
within 5 years to gain patent. Survey costs
for the first years grants would be:
assume: \$1,500 per 40 acres X 100,000 grants = \$150,000,000
4. Each applicant must publish notice of his
application once a week for three consecutive
weeks in a local newspaper:
assume: \$23.00/8 lines/3 days X 100,000 = \$2,300,000
5. TOTAL applicant costs, first year = \$161,900,000

Lost Revenues

1. Possible revenue lost to the public because state
lands will be gratis (assuming the state sold all
acres and not considering lease possibilities,
inflation over the time of state disposals of
this size, etc.):
assume: an average cost of \$500 per acre, so:
$$\$500.00 \times 40 \text{ acres} \times 100,000 = \$200,000,000$$
2. Revenue lost to the public because property taxes
are not paid until one year after patent (which will
mean 6 years because patent comes after the 5 year
survey requirement is met):
this depends on assessed value of land,
whether located in a borough and which
one, annual assessment procedures, etc. = \$ unknown
3. TOTAL lost revenues, first year = at least \$200,000,000

Unaccounted Taxpayer or Landowner Costs

1. Many services will be required by "homesteaders" including roads (at \$15,000 to \$150,000 per mile, construction only), schools (as required by law), utilities, police, fire, health, etc. The provision withholding state services for 15 years is questionable, in the case of schools at least, and still leaves costs at year 16 to be accounted for = \$ unknown

Administrative Costs

1. The sheer volume of paperwork, legal requirements, verification, notification, etc. for the anticipated number of applications will require the manpower/dollars outlined in the following table, or a tremendous backlog and delay in the title clearing process will be encountered (calculated at 40% of the costs of scenario A). TOTAL = \$10,738,896

Revenue

1. Revenue to the State resulting from the \$6.00 filing (recording) fee would be:
 $\$6.00 \times 100,000 \text{ applications} = \$600,000$
2. Revenue to the State resulting from the \$75.00 to \$100.00 application fee, based upon the above cost breakdown, would be = \$9,000,000
3. TOTAL revenues to the State = \$9,600,000

Summary of Estimated
 First Year Administrative Costs
 @ 100,000 Applicants -- Homestead Initiative
 (figured at 40% of scenario A)

<u>Agency</u>	<u>No. Employees</u>	<u>Personal Services</u>	<u>Travel</u>	<u>Contractual</u>	<u>Commodity</u>	<u>Equipment</u>	<u>Totals</u>
<u>Department of Natural Resources</u>							
A. Planning & Classification	2	\$ 46,630	\$ 3,072	\$ 13,278	\$ 551	\$ 693	\$ 64,224
B. Survey & Records	272	6,639,700	20,000	2,160,000	20,000	180,000	9,019,700
C. Land & Water Management	20	519,685	2,000	56,000	10,000	20,000	607,685
D. Administration	<u>12</u>	<u>220,889</u>	<u>1,150</u>	<u>15,552</u>	<u>20,400</u>	<u>2,416</u>	<u>260,407</u>
E. Subtotal	306	\$7,426,904	\$26,222	\$2,244,830	\$ 50,951	\$203,109	\$ 9,952,016
<u>Department of Administration & Court System</u>							
A. Recording	33	\$ 640,560	\$ 5,960	\$ 84,360	\$ 56,000	\$ -0-	\$ 786,880
<u>TOTALS</u>	<u>339</u>	<u>\$8,067,464</u>	<u>\$32,182</u>	<u>\$2,329,190</u>	<u>\$106,951</u>	<u>\$203,109</u>	<u>\$10,738,896</u>

A P P E N D I X

Detailed Cost Estimates

For Administration

of

Scenario A: 250,000 Applications (first year)

Department of Natural Resources/Division of Lands

- o Planning & Classification
- o Survey & Records
- o Land & Water Management
- o Administration

Department of Administration/Alaska Court System

Planning & Classification Section

Initiative Administrative Costs

Personal Services

<u>Title</u>	<u>No. Positions</u>	<u>Grade</u>	<u>Amount</u>
Land Management Officer III	2	18	\$ 62,202
Cartographer III	<u>2</u>	16	<u>54,372</u>
TOTAL	4		\$116,574

Travel

\$7,681

Contractual

Space \$ 5,195

Printing, Communications, Leases 13,000

Air photography 15,000

TOTAL \$33,195

Commodity

\$1,377

Equipment

\$1,732

TOTAL

\$160,559

DRAFT INFORMATION
FEB. 23, 1978

MEMO TO: Theodore G. Smith, Director
Division of Land and Water Management

FROM: Claud M. Hoffman *CMH*
Chief Cadastral Engineer

SUBJECT: Land Disposal Cost Projections
Homestead Initiative. Your Memo
January 19, 1978 (Mike Beirne's Bill)

In order to supply data as requested the following assumptions (A through G) have been made. Also I suggest a serious review be given to the establishment of several small area offices in specific areas, where the action is going to be (State land ownership). These offices would operate with lines of responsibility to the District Manager. No Engineering cost is provided for such as I envision our operations at the District and State level.

(A) A.D.L. LAND RECORDS: (Land Status Plats, Historical Indexes and Serial Pages). This has been broken into four phases of work as discussed below. We consider that each "grant" is acted upon independent of how many "grants" an individual may legally obtain, i.e. 40, 80, 120 or 160 acres of land under the terms of the proposed law.

Phase No. 1. In compliance with Section 38.05.420, Sub-paragraph 2. At this time the "recorded application" for a land grant is acknowledged, a Serial Page is constructed, location data shown on the status plat, a historical plat constructed, blueprint copies submitted to the respective district offices and copies placed in the A.D.L. Public Land Office and the microfilming of plats and serial pages is accomplished.

MEMO TO: Ted Smith, Director

Phase No. 2. In compliance with Section 38.05.430. During, or at, the end of the 90 days and/or whenever "notification" is given, the same data as discussed in Phase No. 1 is again updated on our Land Records, plus, at this time, an entry is made on the Historical Index Plats that were constructed in Phase 1.

Phase No. 3. In compliance with Section 38.05.440. At the time a "copy of the survey" is sent to the Director, data is again updated and entered into the Public Land Records as discussed in Phase No's, 1 and 2.

Phase No. 4. In compliance with the issuance of the "patent" the procedures as we now utilize are to be complied with and again data is entered into our Public Records as discussed in Phase No's. 1, 2 and 3 above.

- (B) A.D.P. LAND RECORDS: For A.D.P review and estimation purposes we are assuming the Public Land Records Automation System has to be updated harmoniously with any and all changes on the Public Land Records for each land "grant"; therefore Phases 1 through 4 for "tracking of land", in order to enable the Director and his staff to make management decisions, has to be compiled with,
- (C) AN OVERVIEW ASSUMPTION OF THE PUBLIC LAND RECORDS: The system that we now have on a "rectangular survey Grid System" is to continue as the basis of maintaining our Public Land Records and the system of land recordation and records location is a 40-acre, and/or aliquot part of a section concept

MEMO TO: Ted Smith, Director

and is to continue to be in harmony with the system that we now "maintain manually".

- (D) CADASTRAL SURVEYS: Although no surveys are to be reviewed in the field (the proposed law is quite explicit as to our survey functions and responsibilities), within Section 38.05.440 it is discussed that "the survey shall conform to "regualtions" adopted by the Division of Lands and in force on the effective date of this act". I am assuming that we will come forth with "simple regulations" whereby we concentrate our total managemer and technical functions and efforts to the last paragraph of that section which states "a copy of the survey shall be sent to the Director" (I interpret this as meaning a final survey plat). We must remember the plat at this stage, according to the proposed law, has already been filed in the Recording Office thereby we will review this plat as a final plat for title passage purposes. It has been accepted for recordation by the appropriate Magistrates Office. If we, during a cursory review, do happen to find errors (of which I would gather ten percent of the plats will have) that we feel is critical to the passage of State title to land, the "amendment process" will have to be accomplished by the surveyor and the claimant prior to when a state land title for the alienation of state lands can be accomplished. Statutory title may exist but still no state document is issued.

(E) INFORMATION AND EDUCATION (REFERENCE TO RECORDS AND CADASTRAL SURVEYS)

Due to the impact of requests and information surrounding such a program, I feel that it mandentory for each ADL district to have a Cadastral Surveyor II on the managers staff to do nothing but handle general survey

MEMO TO: Ted Smith, Director

problems for this "Land Act". This surveyor would not "per-sey" be doing any preliminary survey plat review but be offering over-the-counter oral and written assistance to locators, surveyors, title companies and the public. Again my overall concept being, no "preliminary plats" are to be reviewed by this office, as per the intent of the law. The surveyor has before him a final product, the plat and possibly an affidavit with the private surveyor being totally responsible for his product. These three Cadastral Surveyor II's, Grade 20, would cost \$108,657. each year, and their services would be "pro-rated" for all land grants issued within the confines of the ADL district they are assigned to.

(F) LAND RECORDS FOR OWNERSHIP TITLE REVIEW: It is anticipated that .4 of an hour is necessary for a Grade 14, L.M.T. II per "grant" for Land Title work to accomplish a general review of the applicant (grant) with no specific "in depths" review given. This is just a quick title check of status at the time action on a land grant comes about in Public Records Unit. This = $.4 \times \$11.93 = \4.77 per grant.

(G) STATISTICAL DATA:

1) LAND RECORDS: For each of the 4 phases as discussed and per each applicant for a grant, 1/10 of an hour for a Clerk IV is necessary; 3/10 of an hour for Draftsman II work; \$3.00 for blueprints; \$1.00 for microfilming of our plats and serial register.

In summary for each applicant (grant) this consists of 4/10 of an hour for a Clerk IV; 1.2 hours for a Draftsman II; \$12.00 for blueprinting and \$4.00 for microfilming.

MEMO TO: Ted Smith, Director

It is estimated that "Phases" 1 through 4 work would most likely be accomplished on our land records during the first year, but Phase Four could be accomplished anytime during the grant term of 5 years. Therefore I consider the impact being annually for all grants. This computes at a cost of \$31.07 per site for Land Records only. (Does not include title review, Land Registration, A.D.P of Records or general typing and filing work)

2) DATA PROCESSING:

- (a) PHASE 1. Again 1/10 of an hour for a Clerk IV for Serial Pages and 1/10 of an hour for a Clerk IV for Status Plats is necessary to continue the system we now have.
- (b) PHASES' 2, 3 and 4: The same work time discussed above would be applicable and/or a total time of 8/10 of an hour for a Clerk IV for the "maintenance of automation" of A.D.L. Land Records per applicant (grant). (Again Phase 4 could be accomplished during the fifth year).

A total cost per applicant (grant) for A.D.P. = \$6.83; with an Overall Land Records Cost being - \$37.90 per grant (Does not include title review, Land Registration or general typing or filing work.)

3) CADASTRAL SURVEYS:

The emphasis herein is that only minimum control regulations will be effected due to background of the intent of the proposed law to quickly get lands into private hands as of

MEMO TO: Ted Smith, Director

the passage date of the act thereby only a final plat would be critiqued, via a Cadastral Surveyor I, Grade 19. It is estimated that each critiquing would be 2 hours per (grant) applicant thereby the cost per application for two hours is \$34.48 (per platted grant).

- (H) TYPING AND FILING WORK: For General Survey Correspondence for Inter-office and public - .3 man hours for correspondence typing and filing of data per grant and .3 man hours for general Land Records and title information typing is needed. This = .6 man hours for a Clerk Typist III = \$4.82 per grant.
- (I) LAND REGISTRATION ACT: After the first year, each and every grant document will have to be recorded via the statement of Real Property Ownership. This consists of .3 man hours for a Clerk III per document to type an entry and cross-reference the system we now use. This .3 equals \$2.41 per grant for years 2 through 5 or whatever.
- (J) STATE WIDE PLATTING: Section 38.05.450 (b) prohibits re-subdivision until after 1 year. Although our "control" is limited never-the-less an impact does exist. The impact is herein estimated that 25% of the total grants will have action annually for the first 5 years, this being due to the scarcity of lands. It is estimated that each such grant will consume 1 man hour therefore a .25 average per grant overall for a Grade 20 Cadastral Surveyor II. $\$18.57 \times .25 \text{ hrs.} = \4.64 per grant for overall years 2 through 5 of the program or whatever.
- (K) SUMMARY OF IMPACT: What does the above indicate:

MEMO TO: Ted Smith, Director

- (1) Each grant will cost \$31.07 for normal serial page, status plat work and H.L. Plat work; \$6.83 for continuation of Automation of Records; \$34.84 for a final plat critique; \$4.77 per title check; Typing and filing = \$4.82; \$2.41 per grant for Land Registration; \$4.64 per grant for State-wide Platting and \$108,657.00 for Cadastral Information and Education concerning the program at the District level, this cost being distributed equally to all "grants" within a respective A.D.L. Land Office Districts.

The cost per applicant (grant) = \$31.07 + \$6.83 + \$34.48 + \$4.77 + \$4.82 + \$2.41 + \$4.64 = \$39.02 + Undetermined District Surveyors cost due the variable; i.e. Scenario data.

(L) SUMMARY OF TOTAL MANHOURS FOR LAND RECORDS, TITLE SEARCH, A.D.P., CADASTRAL REVIEW, LAND REGISTRATION AND STATE-WIDE PLATTING PER APPLICANT (GRANT):

To process each grant the manhours computes to: Clerk IV = 1.2 hrs.; Draftsman II = 1.2 hrs., Cadastral Surveyor I = 2.0 hrs.; L.M.T.II = .4 hr.; Clerk Typist III = .6 hrs; Clerk III = .3 hrs.; Cadastral Surveyor II .25 hrs. and again the variable for the District Surveyor cost, i.e. Scenario data. This computes to 6.0 manhours per grant (does not include blueprinting and microfilming costs).

(M) CONCLUSIONS:

SCENARIO "A"

- (a) Land Records (Land Station and A.D.P. - Does not include Land Registration)

- (1) 1.2 manhours per applicant (grant) X 250,000 applications = 300,000 manhours, 300,000 manhours ÷ 1,950 manhours per year = 154 Clerk positions.

DRAFT INFORMATION

(PAGE 8)

MEMO TO: Ted Smith, Director

- (2) 1.2 manhours per applicant (grant) for drafting = 154 Drafting positions.
- (3) 250,000 applicants X \$12.00 per applicant (grant) for blueprinting + \$4.00 for microfilming = 250,000 X \$16.00 = \$4-million.
- (4) .4 manhours per applicant (grant) for general land title check = 250,000 X .4 ÷ 1,950 = 51 L.M.T.II positions.
- (5) .3 manhours per applicant (grant) for general typing and filing = 250,000 X .3 ÷ 1,950 = 39 Typists.

(b) LAND REGISTRATION:

- (1) .3 manhours per applicant (grant) for processing the "Statement of Real Property Ownership" = 250,000 X .3 ÷ 1,950 = 39 Clerks.

(c) STATE-WIDE PLATTING:

- (1) .25 manhours for state-wide plat processing per applicant (grant) = 250,000 X .25 ÷ 1,950 = 32 Cadastral Surveyors.

(d) CADASTRAL SURVEY REVIEWS (NOT INCLUDING THE DISTRICT SUPPORT SURVEYOR OR STATE-WIDE PLATTING)

- (1) 2 manhours per applicant (grant) X 250,000 applicants = 500,000 manhours ÷ 1,950 = 256 Cadastral Surveyors.
- (2) .3 manhours per applicant (grant) for general typing and filing = 250,000 X .3 ÷ 1,950 = 39 Typists.

DRAFT INFORMATION

(PAGE 5)

MEMO TO: Ted Smith, Director

ANNUAL COST - 1ST YEAR FOR 250,000 APPLICANTS (GRANTS) ("C" STEP & 1.22 FACTOR)

(1)	154 Clerk IV's X \$16,646.	=	(Land Records)	\$ 2,563,484.
(2)	154 Draftsman II's X \$18,929.	=	(Land Records)	\$ 2,915,066.
(3)	256 Surveyor I's X \$33,613.	=	(Cadastral)	\$ 8,604,928.
(4)	\$16. per applicant for paper/film	=	(Printing)	\$ 4,000,000.
(5)	51 L.H.T. II's X \$23,263.	=	(Land Records)	\$ 1,186,413.
(6)	78 Typist III's X \$15,650.	=	(Land Records and Cadast.)	\$ 1,220,700.

For 250,000 applicants (grants) SUB-TOTAL = \$ 20,490,591.

(20.5 million)

(7)	District Surveyors (C.S. II) = (36,219 X 3)	=		\$ 108,658.
(8)	Space (Office -693 People)	=		\$ 400,000.
(9)	Travel, Per Diem, Commodities, Equipment	=		\$ 1,000,000.
(10)	Special <u>ADP/EDP Funds</u> to handle increase in the Records System to meet demands	=		\$ 1,000,000.

SCENARIO "A" TOTAL 1ST YEAR = \$ 22,999,249.

(23.0 M - 250,000 grants = \$92.0 per grant total 1st year) (23.0 M)

SCENARIO "A" 2ND YEAR THROUGH ??

1 through 6 above	=	\$ 20,490,591.
7 through 9 above	=	\$ 1,508,658.
10 above (adjusted for per year)	=	\$ 500,000

IN ADDITION:

LAND REGISTRATION & STATE-WIDE PLATTING

(1a) 39 Clerk III's X \$15,650. = \$ 610,350.

MEMO TO: Ted Smith, Director

SCENARIO "A", SECOND YEAR (CONT.)

(1b) 32 Cadastral Surveyor II's X 36,219 = \$ 1,159,008.

TOTAL 2ND YEAR AND THROUGH ?? = \$24,268,600.

(Inflation not considered) (24.3 M)

(24.3 M ÷ 250,000 grants = \$97.07 per grant total 2nd year and thereafter)

Division of Land & Water Management

Program Summary
Alaska Homestead InitiativePersonal Services (Including 26% benefits)

<u>Title</u>	<u>No. Positions</u>	<u>Grade</u>	<u>Total</u>
Land Management Officer III	4	18	\$ 129,856
Land Management Officer II	4	16	113,252
Land Management Officer I	15	14	370,875
Document Processing Clerk I	12	8	195,780
Clerk Typist III	<u>15</u>	8	<u>244,725</u>
TOTAL	50		\$1,299,213

Travel

\$5,000

Contractual

Printing, communication, legal fees, equipment rental \$ 75,000

Space 65,000

TOTAL \$140,000

Commodities

General supplies, etc. \$25,000

Equipment

\$50,000

TOTAL\$1,519,213

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF LAND AND WATER MANAGEMENT

TO: DICK LefEBVRE
Chief
Lands and Water Section

DATE: March 8, 1978

FILE NO:

TELEPHONE NO:

FROM: LAR KRUG
Administrative Officer
Administrative Services Section

SUBJECT: Impact of Bierne Bill

The following items will affect the Administrative Services Section in the following manner:

A. Accounting:

1. Filing fees - Accounting Clerks II will be needed to process 1750 application receipts per day. This would necessitate 10 clerks and 10 typewriters and/or desk areas to process for first 3-month cycle, and then level off to 1/2 that number on successive land openings or disposal area announcements.
2. Additional forms must be ordered or special receipt form used. 500,000 forms would be necessary for the assumption of multiple filings.
3. Impact on computer listings and data people outside Accounting would occur.
4. Office space, storage space (cabinets, files) and procedures, policies and supervision will be necessary - this would require the function of an Accountant III position to oversee and implement this function.

B. Word Processing:

1. At 5 minutes a letter and assuming 50,000 letters issued over 3 months for disclaiming applicant rights would take 8 Clerk Typist II or III's with Mag. II typewriters to do that volume. Drop-off levels of various proportion would occur.
2. Office space, equipment, supervision, policy development, and procedures would upgrade Clerk IV to Word Processing Supervisory to 12 or 14 position.

C. Mail Room/Supply:

1. Additional forms, ordering, registered mail, deliveries and pick-ups would require 3 full-time additional positions to carry on additional functions.

2. Office space, mailing costs, equipment, and increased supervision would result in elevating supervisor to 14 level of Administrative Assistant II - long-term carryover will result.

D. Personnel:

1. At least 14 new people in the Administrative Section alone plus additional staff in Land and Water Management and Records with additional requirements for training, orientation, paperwork, and payroll would require 2 more positions of Personnel Assistant I plus a Clerk Typist II position to handle volume.
2. Additional office space, equipment and files plus tremendous numbers of forms and supplies needed to process state-wide staff concerns.
3. Personnel Assistant I increased responsibilities elevated to Personnel Assistant II.

E. Administration:

1. Another Administrative Assistant I would be needed to coordinate efforts of expanded service demands, budget controls, and back-up necessary to coordinate state-wide Division services.
2. Increased workload requirements and system structure on Administrative Officer I would require upgrading or temporary positioning of Administrative Officer II duties.
3. Additional space requirements, equipment, and storage will be necessary to be provided.

The entire effect on our Administrative Services Section would be felt greatly unless these services were incorporated into Lands and Water Management. Such a step would critically impair any continuity of services with Juneau. Ongoing projects and requirements would suffer immensely without additional staff to carry the extra load, some of which would be temporary.

F. Juneau:

1. Increased staffing within the Division would likewise strain Administrative Services in Juneau to carry the backlog of paper, bills, and policy necessary for major onslaughts to the entire system.

Special Note: Without provisions for staff time to submit their applications for land we can expect initial high absenteeism to be

"first in line" etc., so that Division employees can have their cake, too. It is my understanding that all state employees will be eligible under this Homestead Act.

cc. Mike Smith.

C O S T S

Personal Services (Including 26% benefits)

<u>Title</u>	<u>FTE</u>	<u>Grade</u>	<u>Total</u>
Accounting Clerk II	6.25	9	\$109,525
Accounting Clerk III	1	16	28,214
Clerk Typist III	8	8	131,604
Supervisor	1	14	24,328
Supply Clerk	8	8	131,604
Administrative Assistant (upgrade)	1	14	3,145
Personnel Assistant	3	12	63,549
Clerk Typist II	2	7	30,936
Personnel Assistant (upgrade)	1	14	3,342
Administrative Assistant I	1	12	21,183
Administrative Officer (upgrade)	1	19	4,793
TOTALS	(upgrade) 3 (FTE) 30.25		\$552,223

Travel

Total \$2,874

Contractual

Space \$38,880

Commodity

Supplies	\$11,400
Auto lease	9,600
Equipment lease	<u>30,000</u>
TOTAL	\$51,000

Equipment

Total \$6,040

TOTAL

*Recorded
District*

Richard Winchell, Deputy Director
Division of General Services & Supply
Juneau

March 28, 1978

Tom E. Main, Assistant Director
Division of General Services & Supply
Anchorage

The Alaska Homestead Act

Tom

This Initiative will have a substantial impact on the Recording Section as it requires that every application be recorded (Sec 38.05.420(a)(1)).

The Division of Lands estimates that there are 250,000 Alaskans who are eligible to apply for a grant. It is prudent for an applicant to record an application on more than one parcel. I think it is reasonable to expect about 500,000 recordings the first year and most of these will occur in the first 90 days.

We propose to maintain our regular business hours for the normal recording and filings. The section has insufficient staff even for this, but there is no reason to cause this facet of our service to suffer any more than it now does.

In most districts, recordings under the Initiative will be processed by 2 night shifts. Hand carried applications to be recorded will be accepted between 8 AM and 4:30 PM daily and will be placed in a receptacle in the order in which they are received. Applications arriving in the mail will be recorded in random order after all hand carried applications have been recorded. The recording stamp date will not be changed until all applications received that day have been recorded. Such applications must be accompanied by a check or money order for the recording fee.

An application form is being designed in cooperation with the Division of Lands. Although its use cannot be mandatory, we are hoping that the majority will use the form as it will provide uniformity in the location of information, acknowledgments and place for the recording stamp. We are also asking Lands to consider a self-mailer design so we can merely fold, tape and put postage on the copies to be returned. At a minimum, we would want the return address to fit a window envelope.

The best estimate of cost must be based on the number of recordings and our present cost per transaction. The only costs that wouldn't be duplicated are for office space, equipment maintenance, and there would be only one State Recorder and one Assistant.

Based on these assumptions, we estimate our costs to be:

FY 79 Budget	\$996.3
Plus personal services underfunding	18.6
Less State Recorder & Assistant	(62.4)
Less equipment	(26.3)
Less rent	(21.3)
Total	\$904.9

March 28, 1978

Estimated Number of Transactions	230,000
Cost per transaction	\$ 3.9343
Cost of 500,000 additional transactions	\$1,967,150
Fees charged for 500,000 additional transactions	\$3,000,000

It's unfortunate that the drafters of the Initiative didn't consult with the people who have to do their work. The recording of applications should not have been necessary. Instead, applications could have been submitted directly to Lands. The order of filing could have been resolved other than thru the medium of the recording as Lands used a satisfactory procedure on their Home-sites Act (A.S. 38.08.040(b)).

The Recording Section should not become involved until the State issued patents to the land and the conveyance is recorded.

A more important defect in the Initiative is that the only rights-of-way are on section lines. There will be interior parcels without access and whole areas of Alaska that will be inaccessible to surface travel because the section lines are impassible. There should be a 50 foot easement on both sides of every property line and at least a 25 foot easement around lakes and on each side of waterways. Also, they could have reserved a part of each section (1/4, 1/16, etc.) for public use.

cc: Commissioner Allen
Javan Beitinger

NOTE: In further conversations with Tom Main and Rick Barrier, Alaska Court System, the following cost breakdowns were identified to cover the recording aspects of the Initiative:

Personal Services	=	\$1,601,400
Travel	=	14,900
Contractual	=	210,900
Commodities	=	140,000
Equipment	=	-0-

TOTAL \$1,967,200

HB

383



Alaska State Legislature
House

HOUSE RESOURCES COMMITTEE

Alvin Osterback, Chairman

Pouch V, State Capitol
Juneau, Alaska 99811
(907) 465-3715

23 March 1977

Ted Smith, Director
Division of Land & Water Management
323 East 4th
Anchorage, Alaska 99501

Dear Mr. Smith,

The House Resources Committee will be reviewing HB 383 relating to State Land Leasing and HB 387 an Act relating to the Leasing of State Land other than for the extraction of Natural Resources; and providing for an effective date on Monday March 28, 1977 at 1:15 p.m. in room 118 of the Capitol Building.

Please supply us with position papers or material you have on these bills by the time of the meeting. If you have any information pertinent to these topics, the Committee would appreciate receiving that, too. If you know of other interested groups, please contact them.

If you have suggested amendments, please supply the staff with copies of that prior to the meeting.

If there are fiscal implications and notes are necessary, please prepare them and submit them to the Committee -- preferably prior to the meeting.

Thank you for your cooperation.

Sincerely,

A handwritten signature in cursive script that reads "Alvin Osterback".

Al Osterback, Chairman
House Resources Committee

cc: Fran Ulmer

AO:ts



Alaska State Legislature
House

HOUSE RESOURCES COMMITTEE

Alvin Osterback, Chairman

Pouch V, State Capitol
Juneau, Alaska 99811
(907) 465-3715

23 March 1977

Guy R. Martin, Commissioner
Department of Natural Resources
Pouch M
Juneau, Alaska 99811

Dear Commissioner,

The House Resources Committee will be reviewing HB 383 relating to State Land Leasing and HB 387 an Act relating to the Leasing of State Land other than for the extraction of Natural Resources; and providing for an effective date on Monday March 28, 1977 at 1:15 p.m. in room 118 of the Capitol Building.

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Thank you for your cooperation.

Sincerely,

A handwritten signature in cursive script that reads "Al Osterback".

Al Osterback, Chairman
House Resources Committee

cc: Fran Ulmer

AO:ts

STATE OF ALASKA

WILLIAM A. EGAN, Governor

DEPARTMENT OF EDUCATION

BOARD OF EDUCATION

POUCH F — ALASKA OFFICE BUILDING
JUNEAU 99801

April 8, 1977

Honorable Alvin Osterback, Chairman
House Resources Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Chairman Osterback:

HB 383, relating to state land, was introduced at the request of the Governor on March 22 and is, we hope, among those bills that he indicated he would not press for passage this year.

In HB 383 we see areas of public concern that require review, record search and fuller public discussion. We do not oppose the bill at this time, but we recommend that action not be taken on it this year.

We believe HB 383 has certain drafting deficiencies and uncertainties, and we would hope these might be addressed between sessions. To mention one substantive point of concern, we think it too early to charge management costs against trust land income. We believe that the history of those lands and their management and proceeds should first be traced before the Legislature makes such a determination. Whatever such search reveals, we believe it inappropriate that some government agencies enjoy free use of trust lands while (under HB 383) such remaining trust lands as do yield income are charged for management costs. We believe this an unwitting subversion of such lands' intended purpose; namely, to create income for stated public programs. At very least, free use should be weighed against charging management costs to some trust lands.

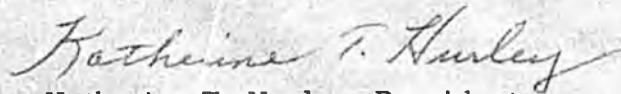
Now that HB 383 has been introduced, we hope to make necessary analyses and to put them before this Legislature's second session.

We note that HB 387, introduced a day later, touches on at least one of the same

April 8, 1977

subjects addressed by HB 383. Because of that, and because HB 387 is not in a form that permits ready comparison of the existing statutes with the proposed bill's new language, we suggest that legislative action on HB 387 also be deferred.

Sincerely,



Katherine T. Hurley, President
State Board of Education

cc: Jay S. Hammond, Governor
State of Alaska

John Sackett, Chairman
Senate Finance Committee

Steve Cowper, Chairman
House Finance Committee

Kay Polard, Chairman
Senate Resources Committee

Hugh Malone, Speaker
House of Representatives

John L. Rader, President
Alaska State Senate

Theodore G. Smith, Director
Division of Land & Water Resources
Department of Natural Resources

Members, State Board of Education

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF LANDS

323 E. 4TH AVENUE - ANCHORAGE 99501

April 7, 1977

Representative Alvin Osterback
House Resources Committee
Pouch V
Juneau, Alaska 99811

Dear Representative Osterback:

Thank you for giving the members of the Governor's Ad Hoc Advisory Committee on State Land Practices and Procedures the time to testify before the House Resources Committee recently. There are several points that may not have been mentioned in detail that we wish to follow up on:

1) Sec. 38.05.108 in H.B. 383. The Committee wants to delete the word "at" at Line 11 so that it will be the Board of Land Appeals. In paragraph (c), the same section, Lines 2-4, page 6, we want to make a change to have the Land Appeals Board function in the place of the Commissioner in hearing appeals, with further appeal to the Superior Court.

2) It is the intention of the Committee that H.B. 383 contain language assuring that future leases will be at the rate set at inception by the Director of the Division of Lands throughout the life of the lease. Such language would probably fit best in Section 8 on page 3. Thus, only the fee value would change at the periodic reappraisals.

3) The lessees focussed considerable discussion on the provision for a 100% ceiling on increases at reappraisal. The Committee selected this ceiling based on experience in recent years in the Anchorage and Matanuska-Susitna markets where most of the leased land is. It should be kept in mind that this is a ceiling and that the actual rental value would be determined by appraisal. We would strongly oppose the lessees' contention that they are entitled to a leasehold interest in land leased by the State, such an interest resulting when the rental value is below market. When the State leases a piece of ground, it should only be providing a place from which to make a profit from development, not an opportunity for speculation.

4) Section 9, page 4, line 29. After the effective date of this Act should be changed to before the effective date of conversion. The effect of this would be to tie the rental value at conversion to a new lease to the date of conversion rather than to a date which might have no relation to the date of conversion.

AGO 935767 +


April 6, 1977

The Committee has also requested staff to prepare legislation requiring the State to record contracts of land sale, leases and modifications in lease or sale documents in the recording district where the land is located. This will make it easier for persons away from Anchorage to check on the status of State lands and make erroneous sales and leases less likely.

The Committee has also recommended that the Division of Lands establish as a matter of policy that where feasible appraisals be done by independent fee appraisers. We feel this would make the Division's operations more efficient and also lead to greater confidence in the appraisals.

Again, thank you for giving us time before the Resources Committee. Please call on us if you think we can be of assistance.

Best regards,



Hugh Gellert

Co-chairman
Governor's Ad Hoc Advisory Committee on
State Land Practices and Procedures

Amendment 7

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K - STATE CAPITOL
JUNEAU 99811

March 24, 1977

The Honorable Al Osterback
Chairman
House Resources Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Re: HB 383 (state land)
Our file no. J-77-136-77

Dear Representative Osterback:

We just noticed that the bill heading for HB 383, which was introduced March 22 and referred to your committee, mentions an effective date, but the bill does not contain a special effective-date clause. For this bill, the constitutional 90-day effective date would suffice, and page 1, lines 6 and 7 should be amended by deleting "and providing for an effective date."

Thank you.

Yours truly,

AVRUM M. GROSS
ATTORNEY GENERAL

By: *Arthur H. Peterson*
Arthur H. Peterson
Assistant Attorney General

AHP:md

cc: Jack Roderick
Acting Commissioner
Department of Natural Resources

Mike Smith
Ass't. Comm'r./Director
Division of Lands
Department of Natural Resources

6239
277

AGO 935769 +

The Honorable Al Osterback
House Resources Committee

March 24, 1977
- 2 -

cc (continued):

Ted Smith, Director
Division of Land & Water Mgt.
Department of Natural Resources

Pete Froehlich
Assistant Attorney General

Frances Ulmer
Legislative Assistant
Governor's Office

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

JAY S. HAMMOND, GOVERNOR

DIVISION OF LANDS

323 E. 4TH AVENUE - ANCHORAGE 99501

April 7, 1977

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House Resources Committee
Pouch V
Juneau, Alaska 99811

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1) Sec. 38.05.108 in H.B. 383. The Committee wants to delete the word Lease at Line 11 so that it will be the Board of Land Appeals. In paragraph (d) of the same section, Lines 2-4, page 6, we want to make a change to have the Land Appeals Board function in the place of the Commissioner in hearing appeals, with further appeal to the Superior Court.

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AGO 935771 +


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Again, thank you for giving us time before the Resources Committee. Please call on us if you think we can be of assistance.

Best regards,



Hugh Gellert

Co-chairman

Governor's Ad Hoc Advisory Committee on
State Land Practices and Procedures

HB 383

SB 159

The Honorable Rep. Alvin Osterback
Alaska State Legislature
Pouch V
Juneau, Alaska 99801
MAIL STOP 3100

Dear Rep. Osterback:

We, as State land leaseholders, are about to be faced with huge increases in the rental rates of our leased property (Lot 5, Block 1, Kasilof Pioneer Subdivision, With two homes on it). These new rates, if imposed, will force a severe hardship on us financially and may even force us to give up our lease.

Such rates substantially reduce the value of our improvements which we have worked long and hard at and spent substantial money on. We feel the present policies of the Division of Lands are not in our best interest, nor in the best interest of the State of Alaska.

We therefore urge you to support legislation currently on the floor which would:

1. Set a 25 year period of fixed rental, giving us time to finance and pay for our improvements.
2. Establish a six percent rate and a fifty percent ceiling on rent increases so we can compute what we will pay in rent over the 55 year period. Due to the present policies, it is almost impossible to finance improvements on our lease.
3. Provide for independent appraisal of our lease. Appraisal by our landlord, as is now done, is an obvious conflict of interest.
4. Provide a grandfather clause whereby we, as existing leaseholders, can take advantage of a new lease.

Passage of a law with the above provisions is critical if we are to be able to continue leasing our land.

Thank you for your help.

Very truly yours,

Mr & Mrs L. B. Watts

Mr. and Mrs. L. B. Watts