

ALASKA LEGISLATURE COMMITTEE FILES 1983-1984/2

2163 HCRA HB 148

regions having the highest with 71 percent and 67 percent return rates, respectively. The Delta region had the lowest return rate with only 29 percent of the questionnaires returned. The Fairbanks and Matanuska regions, which contain the majority of agricultural operations in the state, had return rates of 46 percent and 39 percent, respectively. Although the overall response rate of 46 percent is quite satisfactory for a mailout questionnaire, the data suggest that we may not have obtained an adequate sample response to some questions to have high confidence in our analysis.

#### Farm Size of Respondents

There was a wide range of farm sizes reported by the respondents (Figure 2). One-half of the 96 respondents who gave farm size statistics reported one of three farm size classes: 10-49 acres, 140-179 acres, or 260-499 acres. The remaining 48 respondents were distributed relatively uniformly among the other classes. The acreage figures given by the respondents included land leased or rented from other private landowners or the government in addition to their own land.

The farm size pattern differs somewhat by region. All of the respondents who indicated a farm size above 500 acres were in the Matanuska-Susitna or Kenai-Kodiak regions. Large acreages of grazing land are leased from the government on Kodiak Island. Most of the respondents from the Fairbanks and Copper River areas reported farm sizes below 180 acres. A high proportion of the respondents from the Kenai Peninsula reported farm sizes of between 10 and 49 acres and

Number of Respondents

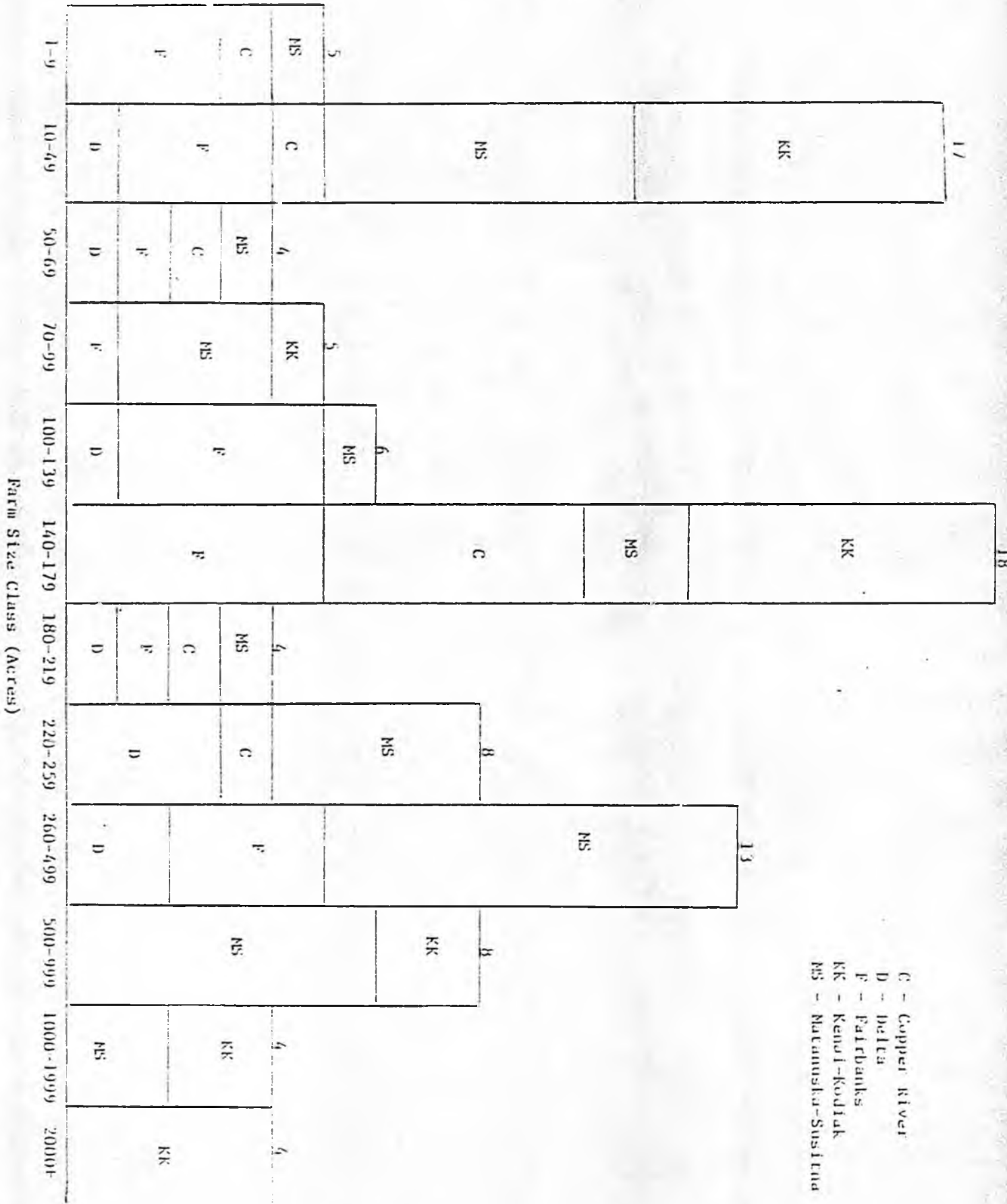


FIGURE 2. RESPONDENTS IN EACH FARM SIZE CLASS BY REGION

- C - Copper River
- D - Delta
- F - Fairbanks
- KK - Kenai-Kodiak
- NS - Natunuska-Sustena

140-179 acres. Matanuska-Susitna respondents reported farm sizes in every farm size class; however, over 50 percent of the reported farms were between 220 and 999 acres.

#### Interest in Selling Development Rights

Questionnaire recipients were asked to indicate the degree of interest they had in selling the development rights to their cleared and uncleared land. A brief explanation of the development rights concept was given in the cover letter to the questionnaire (Appendix B). Respondents were asked to indicate whether they were highly, moderately, slightly, or not interested in selling development rights. Approximately 94 percent, 106 of the 112 respondents, answered this question. Practically all respondents rated cleared and uncleared land similarly. The distribution of these expressions of interest can be seen in Figure 3.

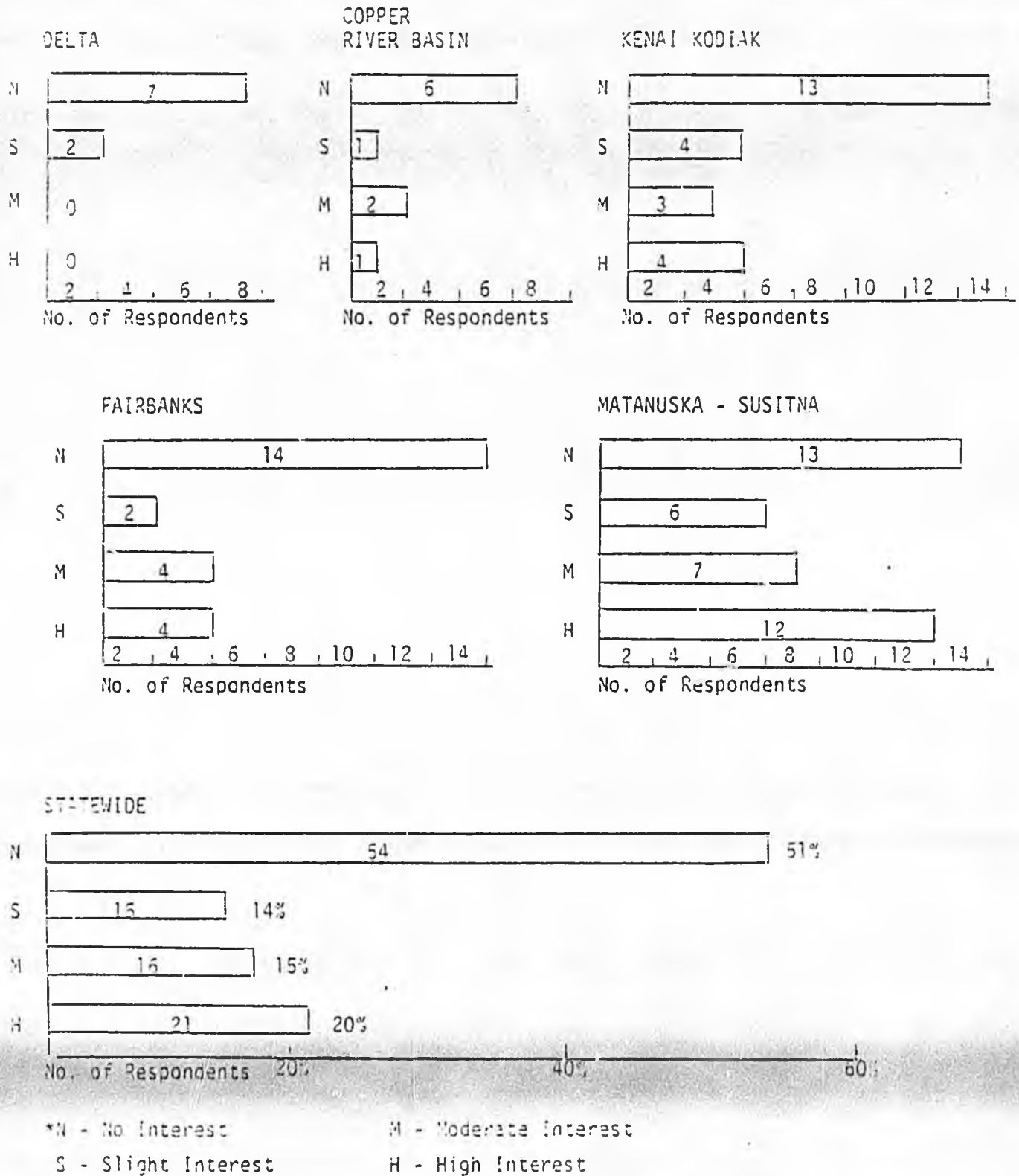
Most of the respondents in all regions except the Matanuska-Susitna area expressed little or no interest in selling development rights. Those respondents living in the Matanuska-Susitna region were evenly divided on the question. Half indicated little or no interest and half expressed moderate to high interest. On a statewide basis, 65 percent expressed little or no interest and 35 percent indicated moderate to high interest. Over half of all those moderately or highly interested in selling development rights were from the Matanuska-Susitna region.

#### Market Values of Cleared and Uncleared Agricultural Lands

Sixty-nine of the 112 respondents indicated what they perceived as the market value of their cleared land and 62 answered the same

FIGURE 3.

DEGREE OF INTEREST IN SELLING DEVELOPMENT RIGHTS TO AGRICULTURAL LAND



question about uncleared land. The distributions of these values are shown in Figure 4.

On a statewide basis, most of the respondents perceived the market values of both uncleared and cleared land to be less than \$5,000 per acre. Uncleared land was valued at less than \$5,000/acre by 77 percent of the respondents and less than \$3,000/acre by 65 percent of the respondents. The percentages were similar for cleared land with 77 percent valuing their land at less than \$5,000/acre while 56 percent indicated a value of less than \$3,000/acre.

Average market values for cleared and uncleared land as perceived by the respondents were calculated for each region. These data are summarized in Table 13. Average values for cleared land ranged from \$1,500/ acre in Delta to \$3,900/acre in the Fairbanks region. Three of the regions (Fairbanks, Matanuska-Susitna, Kenai-Kodiak) represented by nearly 80 percent of the respondents differed by only \$200/acre in the perceived average value of cleared land with values ranging between \$3,700 and \$3,900 per acre. The weighted average cleared land value for the five regions was \$3,300/acre.

Uncleared land values averaged slightly lower than cleared land values ranging from \$900/acre in the Copper River region to \$3,600/acre in the Matanuska-Susitna region. As with cleared land, the same three regions representing nearly 80 percent of the respondents showed a relatively narrow range of perceived land values. Average land values for uncleared land in these regions ranged between \$2,900 and \$3,600 per acre. The weighted average for all regions was \$2,800/acre.

FIGURE 9.  
 Perceived Market Values of Cleared and Uncleared Lands  
 (dollars per Acre)

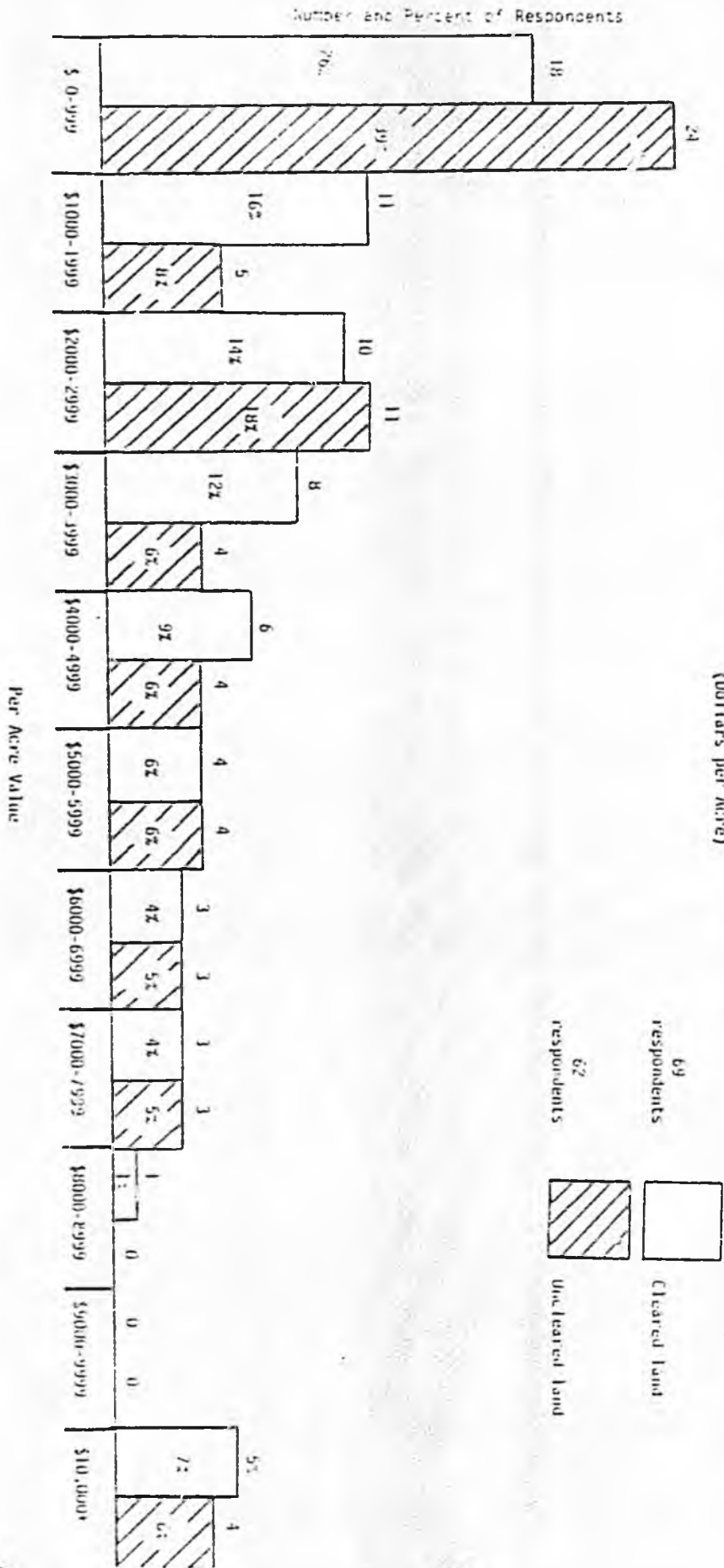


TABLE 13  
 AVERAGE PERCEIVED LAND VALUES BY REGION  
 (Dollars per Acre)

Region	Cleared Land Value	Number of Respondents	Uncleared Land Value	Number of Respondents
Fairbanks	\$3,900	13	\$2,900	11
Delta	1,500	9	1,300	8
Copper River	1,900	6	900	6
Matanuska-Susitna	3,800	28	3,600	24
Kenai-Kodiak	3,700	13	3,100	13
TOTALS		69		62
Weighted Average	\$3,300		\$2,800	

The difference between cleared and uncleared land average values per acre was smallest in the Matanuska-Susitna region (\$3,800 vs. \$3,600) and greatest in the Fairbanks region (\$3,900 vs. \$2,900).

#### Value of Development Rights

A value for development rights was reported by 39 of the 112 respondents (35%). Thirty-four of these responses were from the Fairbanks, Matanuska-Susitna, and Kenai-Kodiak areas. Nearly 70 percent of the respondents valued their development rights at less than \$4,000/acre. The distribution of development rights values can be seen in Figure 5.

Average development rights values as perceived by the respondents were calculated for the Fairbanks, Matanuska-Susitna and Kenai-Kodiak regions. These values are shown in Table 14. Average values were not calculated for the Copper River and the Delta regions because so few of the respondents in these areas responded to this part of the questionnaire. Average development rights values in the three areas mentioned ranged between \$3,100/acre and \$3,600/acre. Values were highest in the Matanuska-Susitna region. The development value data lacks reliability because of the small sample. In addition, comments and figures from some of the questionnaires indicated that some of the respondents apparently did not understand how to evaluate the value of development rights to their farmland.

Average development rights values were also calculated by degree of interest, again using the data from the Fairbanks, Matanuska-Susitna and Kenai-Kodiak regions. Calculations showed that those with a moderate or high interest in a development rights program on the average

FIGURE 5.

Value of Development Rights  
(Dollars per Acre)

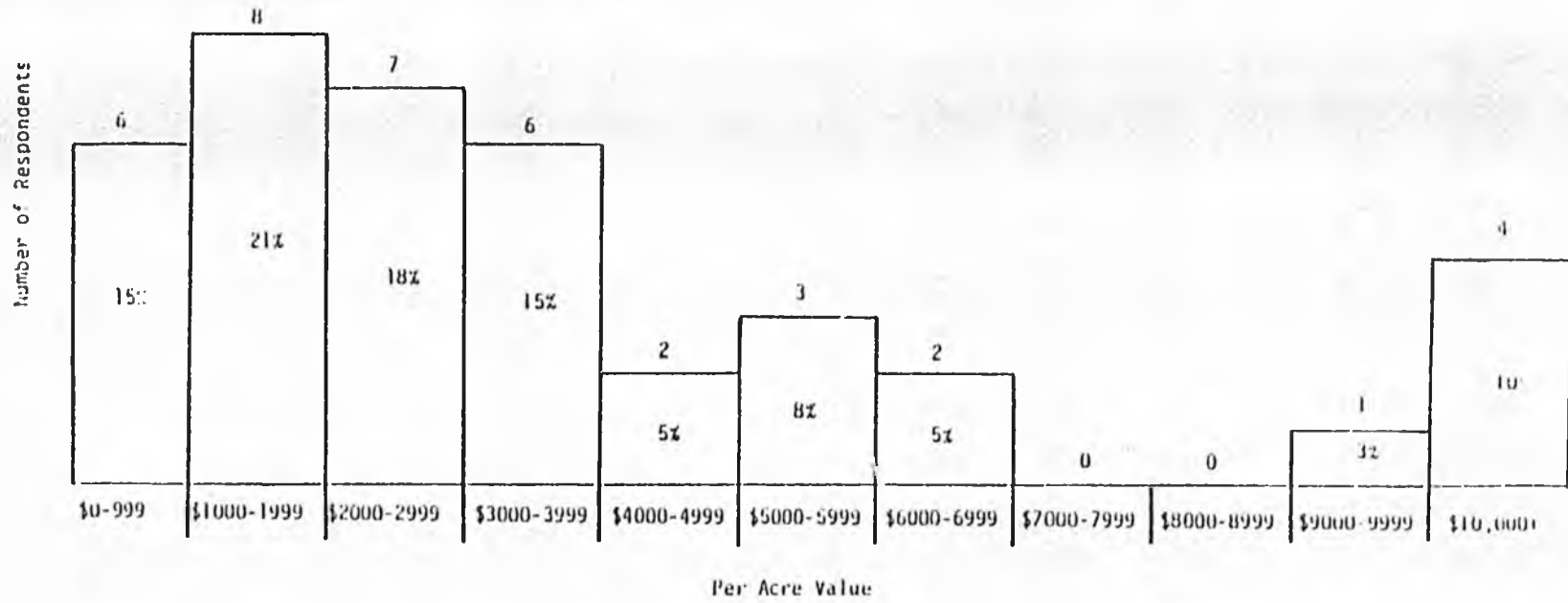


TABLE 14  
 AVERAGE DEVELOPMENT RIGHTS VALUES  
 (Dollars per Acre)

Region	Value	No. of Respondents
Fairbanks	\$3,200	5
Matanuska-Susitna	3,600	21
Kenai-Kodiak	3,100	<u>8</u>
TOTAL		34
<hr/>		
Weighted Average	\$3,400	

valued these rights at \$2,145/acre. Those not interested in the program put a much higher value on these rights, \$4,662/acre. Respondents in the moderate to high interest categories accounted for 63 percent of the total acreage represented in the survey responses.

Distance from a Population Center, Interest in Selling Development Rights, and Perceived Value of Development Rights

Additional analysis of the survey data was undertaken to determine whether or not a landowner's interest in a development rights purchase program and/or his perceived value of these rights were related to the distance between his farm and the nearest population center. Table 15 presents a summary, in percentage terms, of the data relating to the interest/distance question. One can observe that the distributions of responses are similar between the moderate or high and low or no interest categories and are, therefore, similar to the pattern shown for all responses.<sup>13</sup> This close relationship suggests that farmers' interest in selling development rights is not significantly influenced by the location of his farm relative to a population center. When data for just those farm owners living near Palmer and Wasilla were broken out and analyzed in the same way the identical conclusion was drawn.

We also addressed the issue of whether a landowner's perception of the value of the development rights to his property was influenced by the location of the farm relative to a population center.

---

<sup>13</sup> Using the chi square test for independence with the data on which Table 15 is based, we were not able to reject the hypothesis of independence of interest and distance at any reasonable level of significance. One must recognize, however, that these data were not obtained through random sampling. Thus, our conclusions must be viewed with caution.

TABLE 15  
 FARM DISTANCE FROM NEAREST COMMUNITY  
 RELATED TO DEGREE OF INTEREST<sup>a</sup>

	Distance Categories				
	0-5	6-10	11-15	16-20	21+
Percent of Farmers Reporting	41	24	15	7	12
Percent of Farmers with Moderate or High Interest	39	29	12	5	15
Percent of Farmers with Little or No Interest	43	21	19	9	9

<sup>a</sup> Based on 111 farmers reporting.

The expectation here was that the closer the farm was to a town or city, the more attractive would be that land for development purposes and that this relative attractiveness would be reflected in the perceived value of the development rights. Unfortunately the quality of the data obtained through the survey did not allow a rigorous test of this proposition on either a local or statewide basis. The data in Table 16 is presented to show the nature of the relationship or lack thereof between distance and development rights value as perceived by farmers near Palmer. No clear pattern emerges but, again, this conclusion must be qualified by recognizing that the data are not taken from a random sample. The fact that the expected relationship did not occur may perhaps also be explained by the existence of unrealistic expectations on the part of some land owners regarding the development value of their property. This should not be taken to mean, however, that these perceived values represent the minimum payments that these land owners might be willing to accept to forego their development options.

#### Economic Size Agricultural Operations

A key factor in the attempts to maintain and/or expand agricultural production in the State is the development of economic size agricultural operations. Thomas (1976, p. 15) noted that one of the major problems with agriculture in the Matanuska Valley was the small size of individual farms. The Alaska Power Administration (1970, pp. 46-53) has determined the most economically efficient sizes for dairy, small grain and potato operations. Each of these enterprises is discussed below.

TABLE 16

RELATIONSHIP BETWEEN DEVELOPMENT RIGHTS  
VALUE AND DISTANCE FROM PALMER

Distance (Miles)	Stated Values
0-1	\$10,000 7,700
1	3,000
2	10,000 3,500 1,500
3	3,500 1,000 5,500
4	2,000
5	600
6	-
7	3,000
8	500
9	-
10	850
11	1,000

Dairy operations in the Matanuska Valley would have to approach 60 cows to be considered an economic unit. Such a unit would require 280 acres to grow the necessary feed. A 60 cow dairy is estimated to be a minimum economic size and is probably just above being marginal. A more realistic size would be a 120 cow enterprise based on 560 acres. A budget analysis of this larger enterprise showed a return on investment of 8.8 percent after allowing for the operator's salary and the value of perquisites.

There is some concern that if the number of dairy cows in the Matanuska Valley declines further, the creamery that processes the milk will go out of business. We were unable to verify this. Husby (1978) has indicated that approximately 750 cows are needed to support a creamery, thus, barring other problems, the present milk cow herd of 1,500 animals would have to decline by almost one-half for the creamery to discontinue operation, assuming that Alaska dairy enterprises are the only source of supply. The present creamery, however, is importing milk for processing from Washington State. If the Alaskan supply of milk declines it may be possible to import a greater proportion of non-Alaskan milk to maintain operations.

The 1970 study by the Alaska Power Administration determined that for small grain farms the minimum economic unit was 320 acres. Thomas, et al. (1977) in evaluating potential barley production in the Delta-Clearwater, consider this to be too small under current agricultural conditions and suggest that 3,000 acres would be the minimum economic unit for a grain farm.

A potato farm of about 40 acres was identified as the minimum sized unit that could support a farmer and his family. Potato farms require less investment than either grain or dairy farms. Labor requirements are more than for grain farms but less than for dairy farms.

The Alaska Power Administration Study did not consider vegetable farms other than potatoes. Interviews with vegetable farmers in the Matanuska Valley indicated that a minimum economic unit would be about 15 acres.

#### Potential Costs of a Purchase of Development Rights Program

An important consideration in examining the applicability of a purchase of development rights program for Alaska is the potential costs of such a program. These costs would vary widely depending on the scope of the program. Estimated purchase costs (the value of development rights) for several alternative purchase programs are provided in this section. Estimated development rights values are derived from two sources: the survey of Alaskan farmers that was described earlier and, for the Matanuska-Susitna Valleys, from Alaska's program of use-value assessment of agricultural land.

Estimates of purchase costs for three alternative acquisition programs are provided in Table 17. These estimates are for (1) the cost of purchasing development rights to all acres in Alaska planted to crops in 1977, (2) the cost of purchases by specific region in the state and (3) the cost of purchases in the Matanuska-Susitna Valleys by level of interest among farmers. Following a short discussion of these esti-

TABLE 17

## ESTIMATED PURCHASE COSTS OF ALTERNATIVE DEVELOPMENT RIGHTS PURCHASE PROGRAMS

Scope of Purchase	Acres Available <sup>a</sup>	Cost (per acre) From Farmer Survey		Cost (per acre) <sup>b</sup> From Use-value Assessment	
		Total Cost	Total Cost	Total Cost	Total Cost
1. State-wide	19,005	\$3,400	\$64,617,000	--	--
2. By region <sup>c</sup>					
a. Tanana Valley	5,633	3,200 <sup>d</sup>	18,025,600	--	--
b. Matanuska-Susitna Valleys	11,222	3,600	40,399,200	\$747	\$8,382,834
c. Kenai Peninsula	2,050	3,100	6,355,000	--	--
3. By interest (Matanuska-Susitna Valleys) <sup>e</sup>					
a. High & moderate interest	7,070	2,145	15,165,150	747	5,281,290
b. Low & no interest	4,152	4,662	19,356,624	747	3,101,544

<sup>a</sup> Acres planted to crops in 1977 (ACLRs, 1978, p. 16).

<sup>b</sup> This value is from Janet McCabe, The Urban Fringe: Methods of Land Use Direction, Federal-State Land Use Planning Commission for Alaska, Study No. 35, 1978.

<sup>c</sup> One hundred acres in Southwest Alaska are excluded.

<sup>d</sup> Values provided by Fairbanks area farmers were applied to all of the Tanana Valley.

<sup>e</sup> Total available acres for this alternative were determined by multiplying the total acres in the Matanuska-Susitna Valleys by the percent of acres in high-moderate and low-no interest categories as taken from returned questionnaires. Sixty-three percent of reported acres were in the high-moderate category while 37 percent were in the low-no category.

mates, an examination of the potential costs of purchasing the development rights to a specific agricultural enterprise in the Matanuska Valley is provided.

If the development rights to all acres planted to crops in 1977 (ACLRs, 1978, p. 16) were purchased, the estimated total purchase cost, using the average state-wide value of \$3,400 per acre for development rights as determined by farmer survey, would be approximately \$64,600,000. Approximately \$40,400,000 (63%) of this total would apply to Matanuska-Susitna Valleys. In the Tanana Valley, the estimated cost would be \$18,000,000. For the Kenai Peninsula, estimated cost would be approximately \$6,000,000.

An alternative purchase cost estimate for the Matanuska-Susitna Valleys is approximately \$8,400,000. This estimate was calculated by using the base for deferred taxes under Alaska's use-value assessment program as the development rights value. If current records of agricultural value and market value of agricultural lands were kept, then the difference between these two figures could be viewed as the development rights value. However, it appears that development rights values and thus probable purchase costs may be greatly underestimated using this procedure. This is not unexpected since farmland market values are typically undervalued by assessors in the United States. This often happens because assessing departments are not able to do yearly assessments because of staff and budget limitations.

Because the Matanuska-Susitna Valleys are presently the most important agricultural area in Alaska, and also because this region is

facing the most intense development pressure, we show two additional cost estimates. These estimates are by level of interest among farmers and by type of operation.

For the Matanuska-Susitna Valleys, an estimate of the costs of purchasing development rights by level of interest among farmers is also provided in Table 17. In this estimate, the available acres with high-moderate interest and low-no interest were determined by extrapolation from the acres reported by farmers responding to our survey to the total acres available (11,222). Because we were unable to obtain a random sample of farmers, there is likely to be considerable error in our estimate of acres within high-moderate and low-no interest categories. If a random sample of farmers were obtained, more confidence could be placed in these estimates.

Agricultural enterprises that currently exist in the Matanuska-Susitna Valleys include dairying, potato-vegetables, hay and silage, and a small amount of beef and swine production. For various reasons there may be greater rationale for purchasing the development rights to those acres needed to maintain dairying for any other single type of enterprise in this area. For potato-vegetable enterprises, for example, farmers surveyed expressed little interest in participation in a development rights purchase program. Also, because these crops are land intensive, the current amount of land available does not appear to be a critical factor. Next, for hay and silage enterprises, few people are involved in full-time operations and production units are not easily identifiable. Those acres involved in forage production

that would be critical for the maintenance of dairying are covered in the following dairy discussion. Finally, beef and swine production is a minor part of the agricultural economy in this region and accounts for only a small amount of land use.

As of January 1, 1978, there were 13 Grade A dairy herds in Alaska (ACLRs, 1978, p. 34). Eleven of these herds were located in the Matanuska Valley. Herds in the state were estimated to total 1,500 dairy cows, 1,400 of which were in the Matanuska Valley. This is the lowest number of dairy cows in the state since 1960. The high year was 1962 when 3,200 dairy cows in 35 Grade A herds were located in Alaska.

Because of the decrease in dairies and cows in Alaska, interest has been expressed at maintaining dairy operations at least at their current levels. Because most of the dairying activity is in the Palmer area, a way to possibly insure the maintenance of the dairy industry would be to purchase the development rights to the acres needed to support the current number of cows in this area. It has been estimated that for operations larger than 120 cows, approximately 4.67 acres are needed to support a cow annually (Alaska Power Administration, 1978, p. 48). Thus, approximately 6,538 acres would be necessary to sustain the dairy industry at its current level in the Matanuska Valley.

Three estimates of the cost of acquiring the development rights to this number of acres are provided in Table 18. These estimates of development rights values are: (1) the average development rights value of the four dairymen in the Matanuska Valley who answered our questionnaire and showed some interest in selling these rights; (2) the average value of all respondents in the Matanuska Valley, and (3) the average

development rights value of all respondents in the Matanuska-Susitna area who showed high or moderate interest in selling their development rights.

TABLE 18  
ESTIMATED COSTS OF DEVELOPMENT RIGHTS PURCHASES TO MAINTAIN  
THE MATANUSKA DAIRY INDUSTRY

Acres Needed	Total Cost Four Dairymen <sup>a</sup>	Total Cost All Respondents Matanuska Valley <sup>b</sup>	Total Cost High-moderate Interest Matanuska Valley <sup>c</sup>
6,538	\$24,700,000	\$23,500,000	\$14,000,000

<sup>a</sup> \$3,775/acre.

<sup>b</sup> \$3,600/acre.

<sup>c</sup> \$2,145/acre.

Other Costs

Besides the direct purchase costs associated with development rights acquisition, other costs would be a part of such a program. Two of these potential costs, easily identifiable but not so easily quantifiable, are administrative and legal costs and property tax losses.

Administrative and legal costs would arise from (1) activities involved with the actual purchases and (2) from continuing administration once land was in an acquisition program. In the initial purchase effort, costs would be associated with such activities as contacting farmers, identifying and describing parcels included in any program, preparing legal documents, negotiating sales with farmers, closing sales,

etc. Once land was actually in a program, continuing administration of the program would be needed. This would entail making sure contracts and regulations were followed. For example, someone would have to make certain that any building that took place on land under an acquisition program was in accordance with the program's regulations.

Our literature search of existing programs failed to disclose any documentation of the above costs. However, assuming that once the program was underway, two full-time professionals and a secretary were adequate to administer the program, a gross estimate of administrative costs might be as follows:

Estimated Annual Administrative Costs\*

Salaries	
Program leader	\$35,000
Assistant	22,000
Secretarial	16,000
Travel	5,000
Supplies	2,000
Total	<u>\$80,000</u>

\*(It is assumed that legal advice would come from attorneys already employed by the state. New legal costs would then be slight if these attorneys were able to assume this increased work load without seriously detracting from their current assignments.)

Another possible cost to local governments would be a reduction in property tax revenues due to the decrease in land values following the sale of development rights. Currently, under Alaska's agricultural land use-value assessment law, property taxes that are lost by a borough when

farmland is placed under the use-value assessment program are reimbursed by the state. However, the market value of land under a development rights acquisition program would be the land's use-value, and boroughs would not be entitled to reimbursement for losses in property taxes, since none would occur. Although borough governments would lose property tax revenues under a development rights purchase program, there would be a corresponding reduction in costs to the state government, assuming all land involved was previously enrolled in the use-value assessment program.

#### Benefits of Development Rights Acquisition

Earlier in this report it was suggested that the preservation of agricultural activities has associated with it a set of joint benefits (see section on market failure). In assessing the feasibility of a public program to maintain land in agriculture in Alaska it is, of course, important to consider these benefits in relationship to the costs of achieving this end. Some of the benefits attributable to the presence of agricultural activities, however, do not lend themselves to objective quantification. They are public goods. As is the case with any good, a person's subjective evaluation of the relative importance of this class of benefits depends on his own personal value system. But unlike conventional private goods, the absence of an organized system of exchange for these collective goods stands in the way of our use of market signals (prices) to measure society's willingness to pay for these benefits.<sup>14</sup>

---

<sup>14</sup> Similar problems have been encountered in other public policy issues in Alaska such as the proposed relocation of the state capital and the debate involving the use of the North Slope haul road.

An alternative approach to actual quantification is to present to the public and to government officials in the state a listing and discussion of the potential benefits stemming from a development rights purchase program. This information, along with the program costs estimates, may then be employed by the decision maker in assessing the overall desirability of a given policy. Specifically, the program costs estimates represent the minimum value that must be achieved by the joint benefits in order for the program to be economically feasible.

#### Maintenance of the Local Agricultural Economy

From a state-wide perspective, agriculture currently contributes relatively little monetarily to the Alaska economy. Statewide, agricultural activities accounted for an estimated two percent of the Gross State Product prior to start-up of petroleum production from the Prudhoe Bay field (Logsdon, 1975). Comparable statistics for local areas within the state are not available. The degree of dependence of the Palmer-Wasilla area, for example, on the agricultural industry has not been documented. One can easily observe, however, that the relative position of agriculture in this area is of much greater significance.

In measuring the "local agricultural economy" benefits associated with a development rights buy-back program, one must look beyond the agricultural landholders themselves. These farmers and ranchers, in deciding whether to continue their agricultural operations or to develop their land,<sup>15</sup> presumably consider only the implications for their own

---

<sup>15</sup> "Develop their land," as used here, includes the sale of the land to others who in turn develop the land.

private welfare. In the absence of any public program that might prevent the conversion of agricultural lands to other uses, one would expect these individuals to remain in agriculture only if the private gains of doing so were greater than the returns from converting the land to an alternative use. Thus, if one observes agricultural land being developed in an area, one must conclude that the landholders who sell or subdivide their land are better off economically without than with agriculture.<sup>16</sup> What is not taken into account in the decisions of these landholders is the effect their actions might have on the welfare of other individuals--processors, farm suppliers, etc.--whose business activities are somehow linked to the production of agricultural commodities on these lands.

What do these businesses that represent the infrastructure for the agriculture industry stand to lose if land is converted to nonagricultural uses? Clearly it is the difference between their net earnings in the presence of agricultural production and what they could earn in their next best alternative. The net effect on these businesses, then, depends largely on how specialized they are, or, stated differently, on the mobility of the resources that they employ. It is conceivable that

---

<sup>16</sup> Since participation in the development rights purchase program as it is envisioned would be voluntary, one would expect farmers or ranchers to forfeit their development options only if they receive compensation at least equal to the discounted value of future development benefits. While the initial asking price for development rights could very likely exceed this minimum value, one might reason that bargaining between the state and the landholder concerning development rights values would generate an "equilibrium" price at which the landholder was indifferent between selling and retaining these rights. If this were the case, landowners who participate in the program will, upon the establishing of this theoretical limiting price, be just as well off with the program as in its absence.

some firms such as financial institutions would be better off after the conversion of land to nonagricultural uses. The only people who would clearly be made worse off by the conversion of agricultural land would be some immobile farm workers whose absence of skills outside the agricultural industry would prevent them from easily adjusting to the changing economic scene (Gardner, 1977).<sup>17</sup> Regarding this latter class of resources, one must face the issue of whether retaining land in agriculture is the least cost method of providing these individuals with their present standard of living. It may well be that publically financed programs of direct economic assistance and/or retraining could achieve this end more efficiently.

#### Locally Produced Food

As pointed out before, food is a private good produced in a competitive environment and as such there is little evidence that the market will allocate a nonoptimal amount of land to food production. In Alaska, however, one often hears the argument that we are too dependent on out-of-state sources for our food supply. It is further argued that by promoting a local agricultural industry we can lower our food costs. What is the relationship of a development rights buy-back program to these issues? Can the preservation of currently and potentially productive private agricultural land reduce our dependence on outside food sources and lower our food costs? To address these issues one might

---

<sup>17</sup> Although these individuals would surely be worse off, this is not to say that no others would suffer. Other individuals might also be faced with resource immobility.

first ask what are the benefits to be gained by reducing our food imports? It would seem that only if there were some cost advantages would it be in the interest of Alaskan consumers to buy their food from local sources.<sup>18</sup> The important question then centers around the ability of Alaska farmers and ranchers to compete successfully with other agricultural producers in providing food supplies to Alaska consumers. Alaskan agricultural firms are small relative to their competitors, and therein lies an important part of the explanation of why production costs are higher in Alaska, even in the presence of any environmental advantages that are related to long daylight periods and the relative freedom from insects that damage crops.

While the agricultural land mass in private ownership could support a larger number of efficient-sized intensive agricultural enterprises (e.g. vegetable farms), the market for products from these firms is currently limited to in-state sales due to the absence of processing facilities. A relatively small acreage planted to garden vegetables could supply the entire state's population with fresh produce. But larger acreages would be needed to support an infrastructure and to provide Alaska consumers with an opportunity to benefit from the potentially lower prices associated with large scale production. In the

---

<sup>18</sup> It is sometimes suggested that by reducing our food imports, we may become less vulnerable to disruptions in food delivery systems linking Alaska with current food sources. It is difficult to evaluate this alleged benefit of local food production on any objective basis. One's view on this issue depends on his perception of the reliability of food transport systems and on how much he is willing to pay in order to insure that a disruption in this system will not affect the availability of food in the state.

absence of product export opportunities that might be made possible if processing facilities were available, there is little incentive to bring a critical mass of vegetable farms into production.

#### Open Space and Other Public Good Amenities

Open space is only one of several "external benefits" that accrue to Alaskans from the decision by agricultural landowners to keep their land either uncleared or in agricultural use. Other benefits in this class are the maintenance of wildlife habitat, watershed protection, and the preservation of a visible, perhaps romantic, "lifestyle." Since farmers and ranchers are not in a position to capture the full value of these benefits, they have little incentive to provide a socially optimal quantity of environmental amenities. The market system will often fail to efficiently allocate resources in situations such as this where property rights to certain benefits are undefined.<sup>19</sup>

While Alaska, with its vast area, has a great deal of open space and related environmental amenities to offer its residents, understandably the highest value is placed on these benefits in situations where they are in short supply. In areas around Anchorage and Fairbanks where population and industrialization have expanded recently, these benefits take on high value indeed. It is in these relatively densely populated areas that the preservation of open space promises to have significant

---

<sup>19</sup> Since this class of benefits are public goods in addition to being externalities, we are faced with a further problem on the supply side as discussed earlier (see page 4). Specifically, even if a beneficiary could be forced to pay for the good, it would be inefficient to levy a charge since the marginal cost of extending a collective good to an additional consumer is zero.

social value. Since these benefits accrue chiefly to urban residents, an equitable program for preserving these opportunities would presumably also have the urban residents paying the bulk of the costs associated with their preservation.

#### Removal of Uncertainty

A final potential benefit to be mentioned in association with a development rights purchase program is the effect that such a program could have on investment decisions by farmers and ranchers. An important reason for the inefficiency of agricultural production at the urban fringes around Anchorage and Fairbanks is the great amount of uncertainty these farmers associate with the likelihood of land use shifts. Farmers have little incentive to invest optimally, especially in durable capital, if the probability is high that they will soon choose to abandon farming and thus forego the opportunity to capture the returns on agricultural investments (Gardner, 1975). As a result, farmers earn smaller net returns in their enterprises than they would if they invested in more efficient operations. A development rights buy-back program would serve to remove this uncertainty by compensating farmers to forfeit the development option in return for keeping land in agriculture for a period sufficiently long to capture the benefits from long term investment.

# 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: HOUSE C & R A COMMITTEE

FROM: Staff

SUBJECT: HB 148

DATE: March 9, 1983

The Committee has indicated a general consensus on two (2) proposed changes to HB 148:

1. A modification of AS 03.07.090 (2) with the intent to clarify that mineral or material extraction from the subsurface of the land was to be permitted only if the materials or minerals were to be used on the land that is under the preservation easement.
2. The committee conceptually agreed that the Director should make public notices prior to exchanging land or purchasing an agricultural easement.

within the structure or for the alteration of land as a consequence of construction activity. An exemption provided in this subsection may continue for up to four years from the date the improvement is completed or from the date of approval for the exemption by the local assessor, whichever is later.

(g) A municipality may by ordinance exempt from taxation all or any part of the increase in assessed value of improvements to a single family dwelling if the principal purpose of the improvement is to increase the amount of space for occupancy. An exemption provided in this subsection may continue for up to two years from the date the improvement is completed or from the date of approval of an application for the exemption by the local assessor, whichever is later. (§ 2 ch 118 SLA 1972; am § 2 ch 1 FSSLA 1973; am § 1 ch 33 SLA 1975; am § 1 ch 111 SLA 1976; am § 1 ch 262 SLA 1976; am § 1 ch 95 SLA 1977; am § 31 ch 94 SLA 1980)

Effect of amendments. — The 1973 amendment added the second sentence of subsection (a).

The 1975 amendment added subsection (e).

The first 1976 amendment added paragraph (3) of subsection (c).

The second 1976 amendment added

paragraph (2)(D) of subsection (b).

The 1977 amendment added subsections (f) and (g).

The 1980 amendment deleted "adopted without weighted voting" near the beginning of paragraph (1) of subsection (c).

Sec. 29.53.035. Farm or agricultural lands. (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.

(b) An owner of farm use land must, to secure the assessment, make application to the assessor before May 15 of each year in which the assessment is desired. The application shall be made upon forms prescribed by the state assessor for the use of the local assessor and shall include information which may reasonably be required to determine the entitlement of the applicant. If the farm use land is leased for farm use purposes, the applicant shall furnish to the assessor a copy of the lease bearing the signatures of both lessee and lessor along with the

completed application. The applicant shall furnish the assessor a copy of the lease covering the period for which the exemption is requested.

(c) In this section "farm use" means the use of land for raising and harvesting crops or for the feeding, breeding and management of livestock or for dairying or another agricultural use for profit or any combination thereof. To be farm use land, the owner or the lessee must be actively engaged in farming the land, and derive at least 10 per cent of his yearly gross income from the farm use land. The provisions of this section do not apply to land respecting which the owner has granted, and has outstanding, a lease or option to buy the surface rights. A property owner wishing to file for farm use classification having no history of farm-related income may submit a declaration of intent at the time of filing the application with the assessor setting out the intended use of the land and the anticipated percentage of income. An applicant using this procedure shall file with the assessor before February 1 of the following year a notarized statement of the percentage of gross income attributable to the farm use land. Failure to make the filing required in this subsection forfeits the exemption.

(d) In the event of a crop failure by an act of God the previous year, the owner or lessee may submit an affidavit affirming that 10 per cent of his gross income for the past three years was from farming.

(e) Subject to legislative appropriations for the purpose, the state shall reimburse a borough or city, as appropriate, for the real property tax revenues lost to it by the operation of this section. (§ 2 ch 118 SLA 1972; am § 1 ch 90 SLA 1974; am § 3 ch 229 SLA 1976; am § 1 ch 66 SLA 1978)

*Effect of amendments.* — The 1974 amendment made such changes in subsections (a), (b), and (c) as to make a detailed comparison impracticable and added subsections (d) and (e).

The 1976 amendment, in subsection (a), substituted "uses incompatible with farm use" for "other than farm use purposes," "a use incompatible with farm use" for

"nonfarm use" and "eight per cent" for "five per cent" in the third sentence, inserted "at the current mill levy" in that sentence, and added "for the preceding seven years" at the end of the fourth sentence.

The 1978 amendment substituted "May 15" for "February 1" in the first sentence of subsection (b).

**Sec. 29.53.045. Tax on oil and gas production and pipe-line property.** (a) A municipality may levy and collect taxes on taxable property taxable under AS 43.56.010 — 43.56.210 only by using one of the methods set out in (b) or (c) of this section.

(b) A municipality may levy and collect a tax on the full and true value of taxable property taxable under AS 43.56.010 — 43.56.210 as valued by the Department of Revenue at a rate not to exceed that which produces an amount of revenue from the total municipal property tax equivalent to \$1,500 a year for each person residing within its boundaries.

INDEX OF FILES ON AGRICULTURE - AK. PUBLIC INTEREST RESEARCH GROUP

*Box 1093  
Anchorage, AK  
99510  
(278-3661)*

GENERAL BACKGROUND

Alaska Agriculture - general  
Agriculture in the Lower 48  
Ag. land disposal statistics  
Ag expenditures 1977-81  
"Ak Ag Statistics" 1981  
Mat Su Borough 1982  
"What's Developing" - Coop Extension publ.  
"Agroborealis" - Ag Experiment Station

CURRENT PROJECTS IN ALASKA

Grain Export Terminal  
CFAB Loan Fund  
Agric. Action Council  
DNR  
Nenana-Totchaket - general  
Nenana-Totchaket - vegetable study  
Nenana-Totchaket - Seminar 1981  
Nenana-Totchaket - Fugelstad study  
Nenana-Totchaket - de Vries study  
Ag Revolving Loan Fund  
SB 666  
Galena  
Matanuska Maid  
Matanuska Maid & Arden competition  
Fbx Self Reliance Study  
Red Meat Processing  
Wayne Burton - Delta Review  
Delta Project  
Pt. McKenzie  
Sun El Korean company  
Kehrer testimony - Willow Sub-basin  
Kachemak wood producer plan  
Ag development effects on wildlife  
Logging on agland  
Kenai Peninsula Ag Assoc.  
Mat Su Borough  
Ak. Renewable Resource Corp.

SPECIFIC CROPS IN ALASKA

Barley in AK  
Barley elsewhere  
"Ak Grain & Oilseed Export Market" 1978  
Produce  
Vegetables in Alaska  
Alaska Production  
Subsistence  
Meat  
Milk  
USDA report on milk marketing  
Alaska food imports  
Kenai farming  
Matanuska Valley  
Fisheries

POLITICAL OVERVIEW

Military impact on Ak food  
E. Myers article - Ak ag.  
Farmers convention - Glenallen '81  
Small Scale Ag  
Fbx Ag Experiment Station  
Ak "guest farm"

TEN YEAR PLAN AND REPORTS

Red Meat - Tomlin testimony  
"Ak Feeding Alaskans" - '81 Ag Action Co.  
Ag Marketing Symposium 1979

*Walter Brown - Oregon legislation  
concerning ag. in the lower  
48 - formed "Ag Home State Bill"  
Anchorage - completed National Plant*

*Handwritten notes and scribbles at the bottom left of the page.*

LARGER SIZED REPORTS

- contact  
agencies  
1/10/82

- 1978 to 1982 State operating budgets - "Development" category
- "Economic Interrelationships within Alaska's Developing Ag. Industry"
- Land use controls - Mat Su Valley - Eric Myers report
- Land use issues & Preliminary Resource Inventory 1982 DNR - Mat-Su Bor., Vol 1
- Agric. Action Council - 1st Report to Legislature Feb. 1982
- Alaska Agriculture - An Overview - Legislature 1982
- Financing Ag. Projects in Ak. - House Research Agency
- Proposal for Computer simulation Model for Ag Planning 1982
- Delta Clearwater development - misc. documents
- 1981 & 82 Ag Action Council Reports
- Ag Symposium 1982
- Pt. McKenzie Lawsuit
- Ag Potential of Middle Kuskokwim
- 1980 Report "Eskimos, Reindeer and Land"
- Unfair Trade Practices - Fishing Industry
- Foreign Investment in Ak Seafood Industry 1980
- Ag Practices and Water Quality Effects (DEQ)
- DNR - Recent land disposal regulations

Chairman Fahrenkamp and members of the Senate Resources Committee:

I would like to help you develop an awareness of the soil and water conservation program in Alaska and the importance of SB 120 to its future. To accomplish this, it is important for you to understand

- 1) a little of the history behind Alaska's Soil and Water Conservation program;
- 2) the relationship between the Alaska Soil Conservation District, the Governor, and the Commissioner of Natural Resources; and
- 3) some of the current responsibilities of the 48 supervisors throughout the state.

In the mid-1930's, President Roosevelt became deeply concerned with the loss of one of America's most valuable resources due to the extreme effects of wind and water erosion. This resource was of course her soil, the basis of America's economic and physical stability. As a result of the "Dirty Thirties," President Roosevelt authorized the development of what is now the Soil Conservation Service under the United States Department of Agriculture. The mandate of this technical service organization was to find 1) the cause and 2) the effect of this depleting natural resource.

The cause, in short, was the misuse and mismanagement in all phases of land use and included agriculture, forestry, grazing, and mining. Most recently we have seen an increase in land resource abuse due to rapid expansion of urban areas. The effect was lower crop yields, destruction of those areas with commercial timber values, complete loss of native range for livestock grazing, deterioration of water and air quality, and the combined effect of all of these on the standard of living and the American economy.

To overcome what seemed to be an insurmountable problem, each state, as well as the Territories of Alaska and Hawaii, was asked to establish a program that would organize the private sector into a unit of government that would work with the Soil Conservation Service in managing the nations renewable natural resources. A.S. 41-10 adopted in 1947 by the Territory of Alaska and amended in 1961 is a result of that request. For the past 36 years the Alaska Soil Conservation District, through a Memorandum of Understanding with the USDA Soil Conservation Service, has provided assistance to the residents of this state as the private sector moves ahead to develop Alaska's valuable natural resources.

I would like to briefly describe the structure of the soil and water conservation program. The current statewide district is administered by three board members appointed by the Governor. There are nine subdistricts established to service various areas of the state where intense land uses have occurred to assist cooperators in their areas. Subdistrict supervisors are elected by the cooperators in their area. The individual districts are

associated into a state association and are also members of the National Association of Conservation Districts to help provide input into programs developed at the federal government level. (Organizational charts attached.)

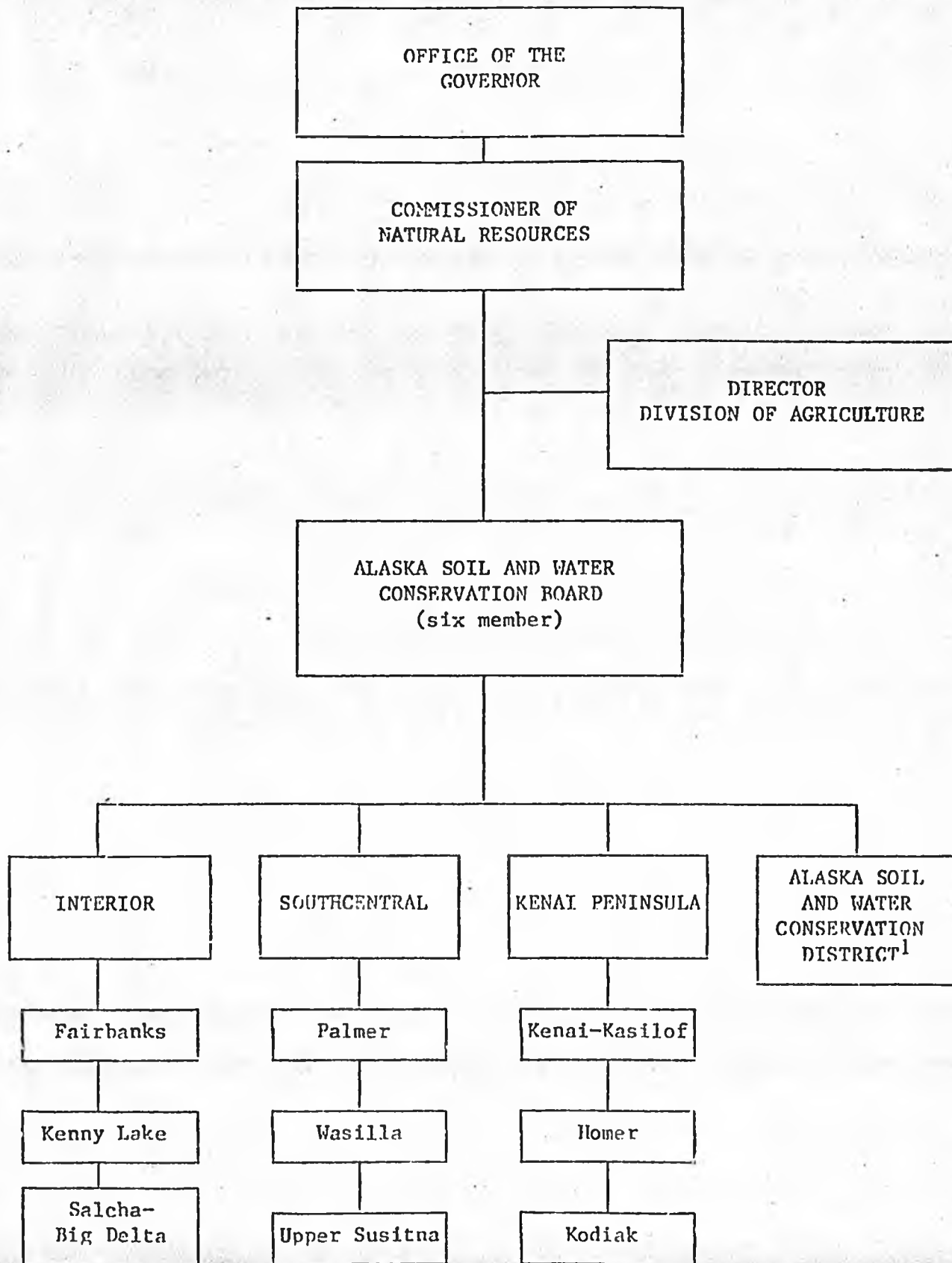
Through long-range and annual plans of operations, the Alaska Soil Conservation District and each of the nine subdistricts identify goals and objectives with regard to the development of the natural resources as a result of settlement. The attitude of the supervisors statewide is that development is a must for Alaska's economic well being, making sure that progress is achieved along reasonable management guidelines. In general, development hazards can be curbed if resource management recommendations are assigned to address the type and intensity of development. An example of such resource management recommendations is the Farm Conservation Plan which is a requirement of the sales contract on all state lands sold for agricultural development. The Farm Conservation Plan is a result of a cooperative effort between the local SCS District Conservationist and the individual farmer and is approved or disapproved by the local soil conservation subdistrict board of supervisors. I would like to emphasize one important aspect of this process. The subdistrict supervisors are elected for three year terms by local land owners in their area who are cooperators with that particular subdistrict.

It is important to remember, however, that development of privately-owned land through conservation planning is basically voluntary. The soil and water conservation program is therefore non-regulatory, and implementation of this program depends on the educational process and reasonable economic incentive.

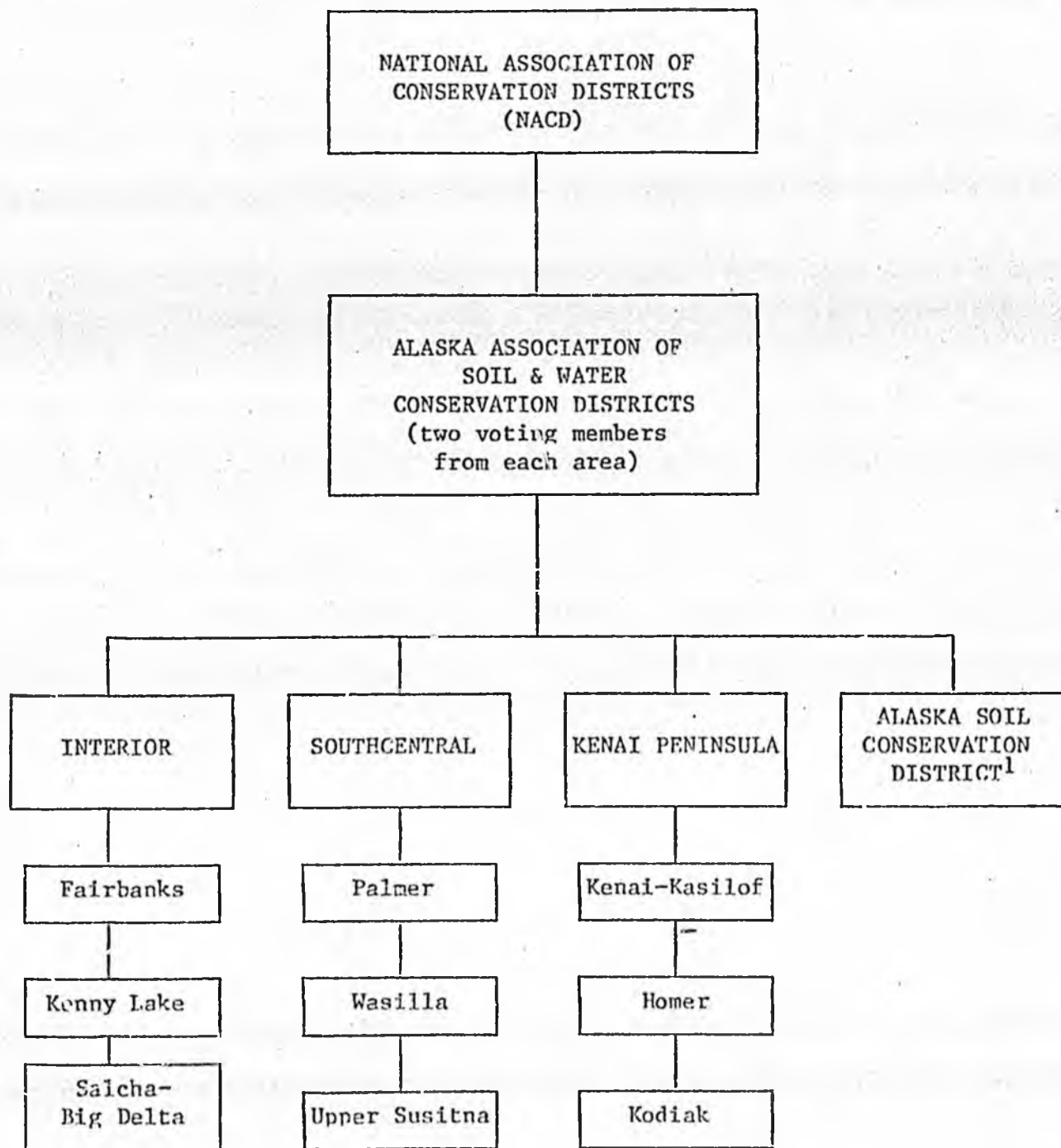
I would like to conclude by reading a brief excerpt from the Executive Summary prepared by the Alaska Soil Conservation District Board of Directors:

"In 1982 our support of federal programs has been responsible for approximately \$195,000 worth of cost-shared conservation practices on more than 15,000 acres of land in Alaska. Recent Soil Conservation Service records indicate 5,595,222 acres of land in Alaska which are adequately treated as a result of conservation planning. The Alaska Soil Conservation District has been active in the acquisition of approximately \$500,000 of state and federal funds to help support the National Cooperative Soil Survey program in Alaska. In 1981 this money was used to fund soil and range surveys in the Susitna Valley, Copper River Valley, Delta, Fairbanks, Kenai Peninsula, and the Seward Peninsula. A recent Memorandum of Understanding with the Alaska Division of Forestry establishes a working relationship for conservation planning with regard to privately owned timber resources. The Department of Environmental Conservation also recognizes the ability of the District to address non-point source pollution on agricultural lands for the protection of Alaska's water quality."

Alaska Association of Soil Conservation Subdistricts



<sup>1</sup> Defined as that area of the state which is not encompassed by an organized district. The Alaska Soil and Water Conservation District is administered by the Soil Conservation Board.



<sup>1</sup> Defined as that area of the state which is not encompassed by an organized district. The Alaska Soil Conservation District is administered by the Soil Conservation Board.

Alaska Association of Soil  
Conservation Subdistricts  
c/o Division of Agriculture  
Pouch A  
Wasilla, Alaska 99687

Honorable Charlie Bussell  
Alaska State House  
Pouch V, State Capitol  
Juneau, Alaska 99811

*File*

Dear Representative Bussell:

This letter is to express our support for Senate Bill 120, "An act relating to soil and water conservation; and providing for an effective date."

A soil conservation district act was passed in Alaska about thirty years ago which provided for an advisory committee to the Commissioner of Natural Resources and establishing Soil Conservation Subdistricts in the State. This act has made possible a cooperative agreement with the U.S. Department of Agriculture, Soil Conservation Service (SCS), which allows SCS to perform soil conservation surveys and provide technical services related to soil and water conservation activities. The soil conservation subdistrict boards from organized subdistricts in the State have volunteered their services in providing local expertise and guidance to soil and water conservation activities since the organization of the program. Other than travel expenses for the State board, this movement has not had financial support from the State.

The quality of the subdistrict boards has been recognized by State agencies to the point that they now have legal responsibility for reviewing state farm plans and have a special signed agreement with the Department of Environmental Conservation providing for district and subdistrict cooperation with that agency. These legislative mandates and cooperative agreements demand considerable statewide coordination, time and expense by board members. SB 120 is an attempt to expand the Soil Conservation Board's activities to include broader representation and make possible continuous coordination of activities and responsibilities on a statewide basis. The Soil Conservation program provides a valuable service to state activities associated with agriculture, forestry, land use planning, and development. As the State develops agriculture, reclamation activities, forestry, grazing and other programs that need the services provided by the soil and water conservation programs these demands will increase. These services cannot be continued indefinitely without fiscal support.

We urge you to support SB 120 with full funding of the necessary support services this legislative session.

For background information we have attached:

- 1983 Alaska Assoc. of Soil Conservation Subdistricts Directory
- A prepared statement for the Senate Resources Committee
- A list of Cooperators throughout the state.

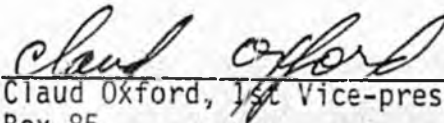
Thank you for your consideration of our request.

Sincerely,

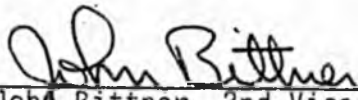
Alaska Association of Soil Conservation Subdistricts



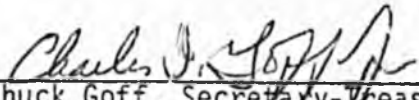
Mike Carlson, President  
Delta Jct. AK 99737



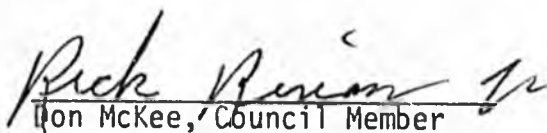
Claud Oxford, 1st Vice-president  
Box 85  
Wasilla, AK 99687



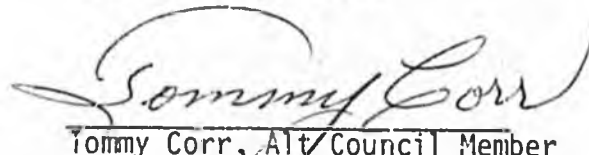
John Bittner, 2nd Vice-president  
Box 730  
Homer, AK 99603



Chuck Goff, Secretary-Treasurer  
Box 10296  
Fairbanks, AK 99710



Don McKee, Council Member  
SR 50985  
Fairbanks, AK 99701



Tommy Corr, Alt Council Member  
Box 153  
Soldotna, AK 99669

Attachments

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3600


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.

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

March 8, 1983

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 Cloos in  
Page 4  
March 8, 1983

If I may be of further assistance, please advise.

RAB:ljb

1/016

MAR 30 REC'D

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 Znaroff  
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: \_\_\_\_\_  
Department: Natural Resources

5. Distribution:

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

2/15/83

*Ask them to contact Bill Burton*

KODIAK FARMER/STOCKGROWERS ASSOCIATION  
POUCH K Kodiak, Alaska 99615

March 1, 1983

Barbara Lacher  
P.O. Box 30  
Wasilla, AK 99687

*Representative:*

Dear ~~Senator:~~

The Kodiak Farmer/Stockgrowers Association and the individual ranchers are very interested in HB 148, relating to the preservation of agricultural land. It has proved workable in other areas and will also in Alaska.

We also think the amendments listed in Senate Bill 124, changing the loan program to farmers, are necessary in today's marketplace and ask you to support this legislation.

Please let me know your views on these important concepts at your early convenience.

Sincerely,

*Bill Burton*

Bill Burton  
President



STATE OF ALASKA  
OFFICE OF THE GOVERNOR

BILL ANALYSIS

Department Commerce & Economic Development	Sponsor (Principal) Lacher	Bill Number HB 148
Department Position Oppose		
Division Director William C. Bivin	Date 2/8/83	Commissioner's Signature Richard A. Lyon

GOVERNOR'S OFFICE USE

Comments:

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

SUMMARY

1. a) Related Bills (Similar or Conflicting) Unknown	1. b) Other Agencies Affected by Bill DNR
2. a) Organizational Support for Bill Unknown	2. b) Organizational Opposition to Bill Unknown
3. Program Effects of Bill None on Department of Commerce and Economic Development.	
4. Fiscal Impact: <input checked="" type="checkbox"/> None <input type="checkbox"/> Fiscal Note Attached	
5. Amendments Proposed:	

6. Comments:

This bill would provide a variety of financial mechanisms and inducements in an effort to protect agricultural lands in rapidly urbanizing areas. Superficially, this is an admirable goal. However, unless the protection of the agricultural land is accomplished under a long range land use policy and plan, such protection is doomed to failure from the outset. Even under the auspices of such a plan, a community, or the State, rarely has the commitment or resources to effectively carry out such protection.

The end result of such an effort is usually a patchwork quilt of varying land uses. It results in "leap-frog" developments which, after a few years, leave isolated so-called "agricultural lands" surrounded by noncompatible uses. This situation increases the burden on the municipalities and taxpayers by making the extension of public utilities and services much more expensive. This bill would have a negative-impact on the economic development of the State.

BILL ANALYSIS  
HB 148

6. Comments (Continued)

Direct experience in both Oregon and California, where similar laws exist, has demonstrated that when there is pressure for development then development will occur. The protection or preservation of agricultural lands without a concurrent program to identify and provide lands for development is simply not justified. Rather than increasing the livability of an area, it will have exactly the reverse effect in the long run. Added costs to the State and municipalities, reduced effectiveness of public services, added rules and regulations, etc., will all serve as a deterrent to effective land use and economic development.

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								
---------	--	--	--	--	--	--	--	--

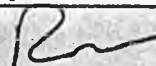
2. Source of funds to offset fiscal impact of bill:

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

FEB 14 1983

**DEPT. OF COMMUNITY & REGIONAL AFFAIRS**

OFFICE OF THE COMMISSIONER

POUCH B  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-4700

February 7, 1983

POSITION PAPER

RE: HB 148

SPONSOR: Representatives Lacher and Larson

Program Effects of Bill

The measure establishes an agricultural preservation easement program within the Department of Natural Resources designed to preserve farmland that would otherwise be lost to urbanization.

Comments

This Department is in a position only to address potential impacts on local governments. Department of Natural Resources would hold primary responsibility for administration.

Section 03.07.010(d) allows only the preservation of agricultural uses.

The purpose of this program is to preserve land, for and in agricultural use, from being absorbed by urbanization. This is laudable.

According to Section 03.07.090, this legislation does not allow the State or anybody other than the "owner" to actually perform agricultural activities.

*Mark Lander*  
2/10/83

STATE OF ALASKA  
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HB 148 Date on Bill: 2/2/83  
 Title: Preservation of Agricultural Land  
 Sponsor: Representative Lecher  
 Requestor: HCRA

1. Estimated fiscal impacts on: Department of Community & Regional Affairs

a. Expenditures:

(Thousands of Dollars)

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

b. Revenues:

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

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

The bill affects only the Department of Revenue programmatically. This Department's comments are aimed at the impact on local governments. No fiscal impact.

3. Assumptions:

4. Disclaimer:

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

Prepared By: Richard Rainery *RR* Phone: 465-4703  
 Division: Commissioner's Office Date: 2/9/83  
 Approved by Commissioner: *[Signature]* Date: 2/9/83  
 Department: Commissioner's Office

5. Distribution:

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

2/8/83



# 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

(a) 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.

IN THE HOUSE

HOUSE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - FIRST SESSION

A BILL

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

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

\* Section 1. AS 38 is amended by adding a new chapter to read:

CHAPTER 60. PRESERVATION OF AGRICULTURAL LAND.

Sec. 38.60.010 Findings and Declaration of Purpose.

(1) Land suitable and in use for farming is an irreplaceable natural resource with soil and topographic characteristics which have been enhanced by years of agricultural use. When such land is converted to urban and suburban uses which do not require those special fertility and landscape characteristics, and important economic and community resource is permanently lost to the State of Alaska.

(2) Alaska is a desirable place to live and visit because of the quantity, variety and natural beauty of its open space which contributes a vital ingredient to the quality of life of the people of the State. Alaska farmlands provide a natural separation between urban areas, furnish unique aesthetic and economic benefits to the citizens of the State and are an important part of Alaska's heritage.

(3) The agricultural industry in Alaska provides Alaskans with the opportunity to obtain locally grown agricultural products with certain advantages in flavor, quality and costs which would not otherwise exist.

preservation easement in privately owned agricultural land if the privately owned agricultural land meets the requirements specified in AS 38.60.030.

(c) The value of an agricultural preservation easement received by the state in an exchange made under this chapter must be equal to the fair market value of the state land or the interest in state land exchanged. If the value of the state land or the interest in state land is not equal to the value of the agricultural preservation easement, the director may accept money from, or pay money to, a landowner. The money paid or accepted must equal the difference between the fair market value of the agricultural preservation easement and the fair market value of state land or the interest in state land exchanged under this chapter.

(d) A purchase of an agricultural preservation easement or an exchange of state land for an agricultural preservation easement shall be to preserve the agricultural use of land.

(e) The director may, in lieu of an agricultural preservation easement, accept a remainder interest in a life estate or similar future interest, so long as the land continues in agricultural uses.

(f) The sale, exchange or donation of an agricultural preservation easement is strictly voluntary. A parcel shall be considered under this program only upon application of the owner. After sale, donation or acquisition by exchange of agricultural preservation rights, the owner shall not be required to carry out any specific agricultural activities so long as the owner does not use or subdivide the land for any residential, commercial or industrial purposes and activities which are not incident to agricultural uses.

- (4) farm lands that are close to market; and
- (5) farm lands that are within a known established agricultural area.

(b) Criteria for selection within same priority. In the event that funds are not adequate within a priority area to purchase all eligible lands of equal priority for which valid offers shall have been received by the state, the following criteria shall be considered in determining which offers to accept:

- (1) an offer of land which is more threatened by urban development shall be favored over an offer of land which is less threatened;

- (2) an offer which is below appraisal shall be favored over an offer which is at appraisal.

- (3) an offer of farmland producing in the 12 months preceding application shall be favored over an offer of land which lies fallow;

- (4) an offer of land which will form a contiguous farming area with other offered or acquired eligible land shall be favored over an offer of land which is separated;

- (5) an offer of land which will serve the dual purpose of urban separation and agricultural production or separating commercial and industrial uses from residential or recreational uses shall be favored over an offer of land which will serve only one of such purposes; and

(c) Where agricultural lands are within a municipality, the director shall, before making an allocation of agricultural preservation

(d) If the agricultural land, or any part of it, is located in a municipality, the director shall notify the governing body of the municipality within 30 days after approval of an application that an application has been approved. Within 30 days after the notification, the municipal governing body may appeal to the director for reconsideration of his decision. If a municipality appeals, the director shall hold a public hearing in the municipality before an offer to sell or exchange is tendered to the landowner. If, after a public hearing in the municipality, the director's decision remains unchanged, the municipality may appeal to the commissioner within five days for a review of the director's decision.

Sec. 38.60.060. OFFER TO BUY OR EXCHANGE. Within 90 days after approval of the landowner's application to sell or exchange an agricultural preservation easement, the director may accept the landowner's offer to buy or exchange at a price and upon terms offered by the landowner or may, in the director's discretion, make a counter offer to buy or exchange and may specify terms, contingencies, and conditions not contained in the landowner's application. A landowner has 30 days from the date of receipt of the counter offer to buy or exchange in which to accept or reject the offer.

Sec. 38.60.070. VALUE OF AGRICULTURAL PRESERVATION EASEMENT. (a) The maximum value of an agricultural preservation easement acquired under this chapter shall be the asking price or the difference between the fair market value of the land and the agricultural value of the land, whichever is less.

(b) The value of an agricultural preservation easement shall be determined by the director based on one or more appraisals by qualified appraisers. If the landowner and the director fail to agree on the value

Sec. 38.60.90. DEFINITIONS. In this chapter (1) "agricultural operations" means those activities related to the production of domesticated plants and animals useful to man;

(2) "agricultural preservation easement" means a public owned interest in lands under which the owner retains agricultural rights, but in which all development rights are owned by the public.

(3) "agricultural rights" means an interest in and the right to use and possess land for purposes and activities related to horticultural, livestock, dairy and other agricultural uses.

(4) "agricultural use" means the use of land for the production of domesticated plants and animals useful to man, and other related uses and activities;

(5) "agricultural value" means the price on the valuation date which a vendor, willing but not obligated to sell, would accept for the property, and which a purchaser, willing but not obligated to buy, would pay for the property to be used for agricultural operations;

(6) "commissioner" means the commissioner of the Department of Natural Resources;

(7) "development rights" means an interest in and the right to use and subdivide land for any and all residential, commercial and industrial purposes and activities which are not incident to agricultural uses.

(8) "director" means the director of the division of agriculture in the Department of Natural Resources;

(9) "fair market value" means the price on the valuation date for the highest and best use of the property which a vendor, willing but

not obligated to sell, would accept for the property, and which a purchaser, willing but not obligated to buy, would pay for the property if the property was not subject to any restriction imposed under this chapter.

(10) "municipality" means a unified municipality or a home rule borough or general law borough or city, of any class, incorporated under the laws of the state;

(11) "qualified appraiser" means a senior member of the American Institute of Real Estate Appraisers, the Society of Real Estate Appraisers, a person meeting the requirements for certification as an appraiser II by the division of personnel, Department of Administration, or a person qualified according to regulations adopted by the commissioner under the Administrative Procedure Act (S 44.62);

(13) "residential subdivision for commercial purposes" means the division of a tract or parcel of land into two or more lots, sites or other divisions for the purpose, whether immediate or future, of sale or building development, and includes a resubdivision.

of the easement, the landowner, at his own expense, may have the easement appraised by a qualified appraiser agreed upon by the landowner and the director.

Sec. 38.080. PROVISIONS TO BE INCLUDED IN EASEMENT. An agricultural preservation easement acquired under this chapter shall include the following provisions:

(1) agricultural use of the land by the landowner or his assigns is permitted;

(2) removal of minerals or materials from the subsurface of the land by the landowner or his assigns is permitted if the landowner immediately returns the land to agricultural use and restores the land to a condition at least as favorable for agricultural use as existed before the nonagricultural use began;

(3) operation of machinery used in agricultural production or the primary processing of agricultural products is permitted;

(4) normal agricultural operations are permitted, including, but not limited to, sale of agricultural products produced on the land where the sale is made;

(5) residential subdivision for commercial purposes by the landowner or his assigns is not permitted;

(6) construction of buildings for farming operations is permitted, but land used for farm residences may not exceed one acre per 40 acres of land under an agricultural preservation easement; and

(7) acquisition of an agricultural preservation easement by the state does not grant the public a right of access or right of use of the property subject to the easement, nor does it affect any existing easements, rights of way or rights of access.

easement monies to farm land preservation priority districts within the municipality, refer to any comprehensive plan or ordinances of the municipality on municipal farm land preservation priorities provided to him by the municipality and shall, before making an allocation, give the municipality an opportunity to make recommendations regarding priorities for farm land preservation within the municipality.

Sec. 38.60.050. APPLICATION TO EXCHANGE OR SELL EASEMENT IN AGRICULTURAL LAND. (a) An owner of agricultural land which meets the requirements of AS 38.60.030 may offer by written application to sell or exchange an agricultural preservation easement to the state on all or a portion of his agricultural land.

(b) To be considered by the director, an application to sell or exchange must

(1) include an asking price at which the owner is willing to sell an easement. The owner may, but is not required to, submit an appraisal to support the asking price.

(2) include a complete description of the agricultural land.

(c) Within 30 days after the receipt of an application, the director shall notify the landowner of the sufficiency of the application. If the application is insufficient, the director shall specify the reason and shall allow an additional 30 days for the landowner to remedy the insufficiency. If the application is made sufficient within 30 days of the notification by the director, the application shall be approved. The director shall notify all landowners whose applications have been rejected, and he shall specify the reasons for the rejection.

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

- (1) be under private ownership;
- (2) be located in an area of the state surveyed by the United States Soil Conservation Service;
- (3) contain over at least 40 per cent of the surface area soils which are classified as classes II, III and IV by the United States Soil Conservation Service; and
- (4) be a parcel of at least 40 acres in cultivation or farm use or be a parcel of at least 20 acres in cultivation or farm use adjacent to established farms of at least 40 acres in size which have been in operation as farms for at least ten (10) years.

Sec. 38.60.040. PRIORITIES FOR ACQUISITION.

(a) Priority districts. In the event that funds are not adequate in the state to purchase agricultural preservation easements in all eligible lands, the director may establish farmland preservation priority districts and allocate monies for agricultural preservation easements within those districts according to the following priorities and in the following order of priority.

- (1) farm lands threatened by early conversion to subdivisions, commercial or industrial uses;
- (2) farm lands which are of recognized value as a tourism destination because of historic associations, natural setting, closeness to tourism routes or other reasons;
- (3) farm lands which have a history of high productivity because of soils, temperatures and other reasons:

(4) It is the policy of the State of Alaska to protect and preserve agricultural lands as evidenced by Alaska laws authorizing current use taxation of agricultural land and by property tax deferral policies of local governments in which farmlands are located.

(5) These policies, by themselves, have not been effective to provide long-term protection of farm lands under the pressure of increasing urban development.

(6) Generally, farm lands close to urban centers have a greater market value for future urban development than their market value for farming. This fact encourages the speculative purchase of these lands at high prices for future development, regardless of the current use of such lands. Farm lands which have a market value greater than their agricultural value do not attract sustained agricultural investment and eventually these lands are sold by farmers and removed from agricultural uses.

(7) The permanent acquisition by the State of voluntarily offered interests in farm lands within the State, as provided in this chapter will permit these lands to remain in farm uses in developing urban areas and provide long-term protection for the public interests which are served by farmlands within the State of Alaska.

Sec. 33.60.020. ACQUISITION OF AGRICULTURAL PRESERVATION EASEMENTS.

(a) If privately owned agricultural land meets the requirements specified in AS 38.60.030, the director may acquire by purchase an agricultural preservation easement in that land.

(b) The director, with the concurrence of the commissioner, is authorized to dispose of state land or an interest in state land by exchanging it for privately owned agricultural land or for an agricultural

6/18/79

Introduced by: Bernice Stern      Bill Reams  
                  Robert Dunn        Paul Barden  
                  Pat Thorpe         Tracy Owen  
                  R.R."Bob" Greive   Gary Grant  
                  Ruby Chow

Proposed No.: 79-729

ORDINANCE NO. 4341

AN ORDINANCE relating to the acquisition of voluntarily offered interests in farm and open space land in King County; calling an election by the voters of the County on September 18, 1979, to authorize the issuance of general obligation bonds of the County in the principal amount of not to exceed \$50,000,000 for the purpose of providing funds for such acquisition and repealing Ordinances 3871, 3872 and 3918.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. Repeal. Ordinances 3871, 3872 and 3918 are hereby repealed and replaced with this ordinance.

SECTION 2. Findings and Declaration of Purpose.

The Council finds that:

(1) King County is a desirable place to live and visit because of the quantity, variety and natural beauty of its open space which contributes a vital ingredient to the quality of life of the people of the County. These open space resources presently include more than fifty thousand acres of land suitable for farming, and other woodlands, wetlands and open lands adjacent to these farmlands. Such lands provide natural separation between urban areas, furnish unique, aesthetic and economic benefits to the citizens of the County and are an important part of our heritage.

(2) Land suitable for farming is an irreplaceable natural resource with soil and topographic characteristics which have been enhanced by generations of agricultural use. When such land is converted to urban and suburban uses which do not require those special fertility and landscape characteristics, an important community resource is permanently lost to the citizens of King County.

1           (3) The agricultural industry in King County provides  
2 the citizens of the County with the opportunity to harvest loc-  
3 ally grown berries, fruit and vegetables at u-pick farms and to  
4 purchase locally produced food and dairy products through the  
5 Pike Place Market, farmers markets, roadside stands and other  
6 local outlets throughout the County.

7           (4) It is the policy of the State of Washington and  
8 King County to protect, preserve and enhance agricultural and  
9 open space lands as evidenced by the King County Comprehensive  
10 Plan of 1964 as amended by Ordinance 1096, establishing open  
11 space policies in King County, Ch. 84.34 RCW and Ordinance 2537,  
12 authorizing current use taxation of agricultural and open space  
13 land, Ch. 84 Laws of 1979 limiting and deferring road and utility  
14 assessments on farm and open space land, Ordinance 3064, as  
15 amended, establishing King County's agricultural lands policy and  
16 County and city ordinances regulating land use by zoning.

17           (5) However, these policies and regulations, by them-  
18 selves, have not been effective to provide long-term protection  
19 of farm and open space lands under the pressure of increasing  
20 urban development. The amount of land in agricultural use in  
21 King County has declined from more than 100,000 acres in 1959 to  
22 approximately 50,000 acres in 1979, with much of this loss having  
23 been caused by actual or prospective urban development.

24           (6) Generally, farm and open space lands which are  
25 close to urban centers have a greater market value for future  
26 urban development than their market value for commercial farming  
27 or other open space uses. This fact encourages the speculative  
28 purchase of these lands at high prices for future development,  
29 regardless of the current zoning of such lands. Farm lands  
30 which have a market value greater than their agricultural value  
31 do not attract sustained agricultural investment and eventually  
32

1 these lands are sold by farmers and removed from commercial  
2 agricultural uses.

3 (7) The permanent acquisition by the County of volun-  
4 tarily offered interests in farm and open space lands within the  
5 County, as provided in this ordinance and as authorized by the  
6 Constitution and statutes of the State of Washington, will permit  
7 these lands to remain in farm and open space uses in a developing  
8 urban area and provide long-term protection for the public inter-  
9 ests which are served by farmlands and open space lands within  
10 the County.

11 (8) The acquisition of interests in farm and open  
12 space lands as provided in this ordinance is a public purpose of  
13 King County and financing such acquisition requires that the  
14 County issue its general obligation bonds in the principal amount  
15 of not to exceed \$50,000,000.

16 SECTION 3. Definitions.

17 (1) "Full Ownership" means fee simple ownership.

18 (2) "Agricultural Rights" means an interest in and the  
19 right to use and possess land for purposes and activities related  
20 to horticultural, livestock, dairy and other agricultural and  
21 open space uses.

22 (3) "Development Rights" means an interest in and the  
23 right to use and subdivide land for any and all residential,  
24 commercial and industrial purposes and activities which are not  
25 incident to agricultural and open space uses.

26 (4) "Value of Development Rights" means the difference  
27 between the fair market value of Full Ownership of the land  
28 (excluding the buildings thereon) and the fair market value of  
29 the Agricultural Rights to that land.

30 (5) "Owner" means the party or parties having the fee  
31 simple interest, a real estate contract vendor's or vendee's  
32

1 interest, a mortgagor's interest or a grantor of a deed of trust's  
2 interest in land.

3 (6) "Farmland" means a) "Farm and Agricultural Land"  
4 as now defined in RCW 84.34.020(2), or b) land which is in a  
5 single ownership of twenty or more contiguous acres, at least  
6 80% of which is open or fallow and which has produced a gross  
7 income from agricultural uses of \$100.00 or more per acre per  
8 year for three of the ten calendar years preceding the date of  
9 the owner's application. The "date of application" as used in  
10 a) or b) above shall be the date of the owner's application for  
11 purchase by the County.

12 (7) "Food Producing Farmland" means Farmland which has  
13 been used for the commercial, soil-dependent cultivation of  
14 vegetables, berries, other fruits, cereal grains and silage corn.

15 (8) "Open Space Land" means "Open Space Land" as now  
16 defined in RCW 84.34.020(1) and "open space use" shall mean any  
17 of the uses provided in such definition.

18 (9) "Eligible Land" means Farmland and Open Space Land  
19 for the purchase of which bond proceeds are authorized to be used  
20 pursuant to this ordinance.

21 (10) "Selection Committee" means the Committee formed  
22 pursuant to Section 6 of this ordinance to advise the Council  
23 in the selection of Eligible Lands for purchase.

24 (11) "Bonds" means the general obligation bonds of the  
25 County described in Section 12 of this ordinance.

26 (12) "Council" means the King County Council.

27 (13) "Executive" means the King County Executive.

28 (14) "Governmental Agency" means the United States or  
29 any agency thereof, the State of Washington or any agency thereof,  
30 any County, City or municipal corporation.

31  
32  
33

1 (15) "Appendices A, B, C, D, E and F" of this ordinance  
2 mean the maps which describe designated areas of Eligible Lands  
3 for purposes of priority of acquisition as provided in Section 5  
4 of this ordinance. Official large scale maps describing such  
5 areas in detail are hereby filed with the Administrator-Clerk  
6 of the Council and incorporated herein by this reference. Smaller  
7 scale maps generally illustrating such areas are appended to this  
8 ordinance for more readily accessible public reference.

9 SECTION 4. Authorization.

10 (1) The County is hereby authorized to issue its  
11 general obligation bonds to acquire the Farmlands and Open Space  
12 Lands described and prioritized in Section 5 of this ordinance.  
13 The property interest acquired may be either the Development  
14 Rights, Full Ownership or any lesser interest, easement, covenant  
15 or other contractual right. Such acquisition may be accomplished  
16 by purchase, gift, grant, bequest, devise, covenant or contract  
17 but only at a price which is equal to or less than the appraised  
18 value determined as provided in this ordinance. The proceeds of  
19 the Bonds shall be used to acquire such property interests only  
20 upon application of the owner and in a strictly voluntary manner.

21 (2) If the Owner so elects, the Executive is author-  
22 ized to pay the purchase price in a lump-sum single payment at  
23 time of closing, or to enter into contracts for installment  
24 payments against the purchase price consistent with applicable  
25 federal arbitrage regulations. When installment purchases are  
26 made, the County is authorized to pay interest on the declining  
27 unpaid principal balance at a legal rate of interest consistent  
28 with prevailing market conditions at the time of execution of the  
29 installment contract and adjusted for the tax-exempt status of  
30 such interest.

31 (3) The Executive is further authorized to contract  
32 with other Governmental Agencies to participate jointly in the  
33

1 acquisition of interests in Eligible Lands on such terms as shall  
2 be approved by the Council consistent with the purposes and  
3 procedures of this ordinance.

4 (4) The County may acquire Full Ownership in  
5 Eligible Lands of First Priority only where the Owner will volun-  
6 tarily sell only the Full Ownership of the property. The County  
7 shall acquire only Development Rights or interests which are less  
8 than Full Ownership in Eligible Lands of Second and Third  
9 Priority.

10 (5) After County acquisition of Development Rights or  
11 some interest less than Full Ownership in any Eligible Land, the  
12 County may purchase the remaining Agricultural Rights or other  
13 property interests in such land only when requested by the Owner  
14 and when such acquisition is necessary to maintain agricultural  
15 or open space uses of the property.

16 (6) If the County shall acquire Full Ownership in any  
17 Eligible Lands the Executive shall as soon as practicable offer  
18 the Agricultural Rights to such land for public sale at a price  
19 not less than the appraised value of such rights. If no offer  
20 for such rights is received at the appraised value, the Executive  
21 may, with the approval of the Council, either reoffer the  
22 agricultural rights for public sale or lease such land for  
23 agricultural or open space use or make such land available for  
24 publicly owned open space uses consistent with the purposes of  
25 this ordinance.

26 (7) Interests which the County owns in property other  
27 than Eligible Lands may be exchanged for property interests in  
28 Eligible Lands on an equivalent appraised value basis. If the  
29 County has acquired Full Ownership of any Eligible Lands the  
30 Agricultural Rights in such lands may be exchanged for the  
31 Development Rights to other Eligible Land of equal or higher  
32 priority on an equivalent appraised value basis. If the property  
33 interests exchanged are not exactly equal in appraised value, cash

1 payments may be made to provide net equivalent value in the exchange.

2 SECTION 5. Eligible Lands and Priority of Acquisition.

3 The proceeds of the Bonds shall be used to purchase property  
4 interests in the following lands in the following order of their  
5 numbered priority group. The lands described within each numbered  
6 priority group shall be deemed of equal priority regardless of the  
7 order of designation within such group.

8 First Priority:

- 9 (a) Farmlands and Open Space lands located within the  
10 designated areas of the Sammamish, Lower Green or  
11 Upper Green River Valleys as shown respectively on  
12 Appendix A, Appendix B and Appendix C of this ordinance.  
13  
14 (b) Food Producing Farmlands located anywhere within the  
15 County except those lands removed from the Agricultural  
16 District by the King County Council in its  
17 affirmative action on Ordinance No. 3326\* generally  
18 described but not limited to those lands on  
19 Appendix "F" but outside of the designated areas of  
20 the Sammamish, Lower Green, Upper Green and  
21 Snoqualmie River Valleys and Enumclaw Plateau as shown  
22 in Appendices A-E inclusive of this ordinance.

23 Second Priority:

- 24 (a) Farmlands in designated areas in the Snoqualmie Valley  
25 as shown on Appendix D of this ordinance.  
26 (b) Farmlands in designated areas of the Enumclaw Plateau  
27 as shown on Appendix E of this ordinance.  
28 (c) Approximately 1,500 acres of Farmlands which are  
29 larger than 40 contiguous acres located anywhere  
30 within the County outside of the areas described  
31 in Appendices A to E inclusive of this ordinance

1           Third Priority:

2           All other Farmlands located within presently established  
3           Agricultural Districts of the County and designated to  
4           be Agricultural Lands of County Significance.

5           SECTION 6. Selection Committee.

6           (1) A seven-member Selection Committee shall be ap-  
7           pointed within ninety (90) days following the approval of the  
8           Bonds by the voters. The Selection Committee shall advise the  
9           Council in the selection of Eligible Lands offered for acquisi-  
10          tion by their owners. Members shall be appointed by the Execu-  
11          tive and confirmed by the Council and shall comply with the King  
12          County Code of Ethics. No member may have an ownership interest  
13          in any of the lands eligible for purchase pursuant to this ordi-  
14          nance.

15          (2) The Selection Committee shall consist of two  
16          members each of whom shall have at least five years experience in  
17          the operation and management of commercial farms; two members  
18          each of whom shall have five years of experience in the manage-  
19          ment of either a construction or land development or real estate  
20          business; and three members who shall be lay citizens from  
21          different geographic areas of the County. One of the lay members  
22          shall be appointed by the Executive to serve as chairman. Com-  
23          mittee recommendations shall be made by a majority of its members.

24          (3) Members shall serve three-year terms, except that  
25          the initial term of three members shall be two years and of four  
26          members shall be three years. Members may be removed by the  
27          Executive only for good cause shown. Members shall not be com-  
28          pensated for their services but shall be reimbursed for expenses  
29          actually incurred in the performance of their duties. Members may  
30          be reappointed to successive terms but the Selection Committee  
31          shall be terminated when the proceeds of the Bonds have been  
32          spent and in any event no later than eight years after the Bond  
33          election.

1           SECTION 7. Selection Process.

2           Beginning in the first year following the Bond election and  
3 continuing at least once a year for a period of six years or  
4 until all Bond proceeds have been expended whichever date is  
5 sooner, the Executive shall conduct a voluntary property selec=  
6 tion process (herein called "Selection Round") generally as  
7 follows:

8           (1) In the first and second Selection rounds all  
9 properties offered in Priority One shall be eligible for purchase.  
10 In the third Selection Round all properties offered in Priority  
11 One and Priority Two shall be eligible for purchase, and in all  
12 subsequent Selection Rounds all properties offered in Priorities  
13 One, Two and Three shall be eligible for purchase. In all Selec=  
14 tion Rounds properties of higher priority shall be purchased with  
15 available funds before properties of lower priority are purchased.

16           (2) The Executive shall begin each Selection Round by  
17 giving notice in one newspaper of general circulation in each  
18 area where Eligible Lands are located which may be acquired in  
19 that Round. The notice shall describe the properties eligible  
20 for purchase in that Selection Round, the procedure to be fol=  
21 lowed in the selection process, including an estimated time  
22 schedule for the steps in the process, and shall invite the  
23 Owners of such properties to make application for purchase by the  
24 County and to describe the property interest which the Owner is  
25 willing to sell.

26           (3) Upon closing of the application period, the County  
27 Executive shall review each application which has been received  
28 to determine the eligibility and priority classification of each  
29 property interest and to verify ownership by title search.

30           (4) For those applications which meet the requirements  
31 of (3) above, the Executive shall cause an appraisal of the  
32 applicant's property interest to be made. Two appraisals shall  
33

1 be made to determine the Value of Development Rights. One apprai-  
2 sal shall determine the fair market value of Full Ownership of  
3 the land (excluding buildings thereon) and one shall determine  
4 the fair market value of the Agricultural Rights only. Apprai-  
5 sals of the fair market value of Full Ownership or of a property  
6 interest other than Development Rights shall be made by indepen-  
7 dent appraisers selected by the Executive from a list of not less  
8 than ten qualified persons recommended by the County Assessor.  
9 Such persons shall be deemed qualified if they have been certifi-  
10 fied to be professionally competent appraisers by a recognized  
11 professional appraisal certification organization, shall have had  
12 at least five years experience as a professional appraiser and  
13 shall not have a property interest in Eligible Lands. Appraisals  
14 of the fair market value of Agricultural Rights shall be made by  
15 independent appraisers selected by the Executive with at least  
16 five years experience in the appraisal of agricultural land and  
17 who shall not have a property interest in Eligible Lands.

18 (5) Appraisals shall be in writing and shall be furn-  
19 ished to the respective owners for review. Errors of fact in any  
20 appraisal may be called to the attention of the appraiser by the  
21 County or by Owners of the property appraised but corrections of  
22 the appraisal may be made only by the appraiser. If an Owner of  
23 property believes it has not been adequately appraised such Owner  
24 may, within the time allowed therefor on the selection schedule,  
25 request that a review appraisal be made at the Owner's expense.  
26 The Selection Committee shall appoint the review appraiser or  
27 appraisers in the same manner as the original appraiser or apprai-  
28 sers are appointed by the Executive. The review appraisal shall  
29 become the final appraisal.

30 The appraisal shall then be filed with the Executive.

31 (6) Terms and conditions of sale and information on  
32 the effect of the sale may be discussed by the Executive with

1 Owners prior to the submission of written offers.

2 (7) Sealed, firm, written offers by all applicants who  
3 desire to have their property purchased by the County shall then  
4 be submitted on forms provided by the County to be opened by the  
5 County Executive on a day certain.

6 (8) The Executive shall review all offers and make -  
7 recommendations thereon to the Selection Committee and the Council.

8 (9) The Selection Committee shall review all offers  
9 and the recommendations of the Executive and make recommendations  
10 to the Council.

11 (10) Upon receiving the recommendations of the Selec-  
12 tion Committee, the Council shall take final action on such  
13 recommendations.

14 SECTION 8. Criteria for Selection within Same Priority.

15 Only in the event that funds are not adequate in any Selection  
16 Round to purchase all Eligible Lands of equal priority for which  
17 valid offers shall have been received by the County, the follow-  
18 ing criteria shall be considered in determining which offers to  
19 accept within such priority group:

20 (1) An offer which is below appraisal shall be favored  
21 over an offer which is at appraisal.

22 (2) An offer of Development Rights in land shall be  
23 favored over an offer of Full Ownership.

24 (3) An offer of farmland producing in the 12 months  
25 preceding application shall be favored over an offer of land which  
26 lies fallow;

27 (4) An offer of land which is more threatened by urban  
28 development shall be favored over an offer of land which is less  
29 threatened;

30 (5) An offer of land which will form a contiguous  
31 farming area with other offered or acquired Eligible Land shall  
32 be favored over an offer of land which is separated;

1           (6) An offer of land which will serve the dual purpose  
2 of urban separation and agricultural production shall be favored  
3 over an offer of land which will serve only one of such purposes;

4           (7) An offer of Farmlands in commercial production  
5 shall be favored over an offer of non-commercial Farmlands.

6           The weight to be given to each of the above criteria shall  
7 be determined finally by the Council for each parcel of property  
8 and such good faith determination shall be conclusive.

9           SECTION 9. Duration of Acquired Interests.

10           (1) Development Rights acquired pursuant to this  
11 ordinance shall be held in trust by the County for the benefit of  
12 its citizens in perpetuity. Except as provided in Section 4 of  
13 this ordinance and Subsection 2 of this Section and except as  
14 found necessary by the Council to convey public road and utility  
15 easements, the County shall not sell, lease or convey any land or  
16 interest in land which it shall acquire with the use of Bond  
17 proceeds.

18           (2) If the Council shall find that the public farm and  
19 open space purposes described in Section 2 of this ordinance can  
20 no longer reasonably be fulfilled as to any land or interest in  
21 land acquired with Bond proceeds, the Council shall submit to the  
22 voters of the County a proposition to approve of the disposition  
23 of such land or interest. Only upon a majority vote approving  
24 such proposition can such land or interest be disposed of by the  
25 County and the proceeds of such disposition shall be used to  
26 acquire other Farmlands or Open Space Lands in the County as  
27 provided in this ordinance.

28           SECTION 10. Related Costs.

29           The costs of appraisal, engineering, surveying, planning,  
30 financial, legal and other services lawfully incurred incident to  
31 the acquisition of interests in Eligible Lands by the County and  
32

1 incident to the sale, issuance and delivery of the Bonds shall be  
2 paid from the proceeds of the Bonds.

3 SECTION 11. Supplemental Funds.

4 Supplemental or matching funds from other Governmental  
5 Agencies or private sources may become available to pay a portion  
6 of the cost of acquiring Development Rights, Full Ownership or  
7 some lesser interest in Eligible Lands or to supplement or enlarge  
8 such acquisition. The Executive is hereby authorized to utilize  
9 such funds to purchase interests in Eligible Lands or to other-  
10 wise supplement the proceeds of the Bonds in the manner provided  
11 by this ordinance and in accordance with the applicable laws or  
12 terms governing such grant.

13 It is the intention of the Council that the proceeds of  
14 Bonds available for the acquisition of interests in Farmlands in  
15 the Snoqualmie Valley be used in a manner consistent with the  
16 adopted multi-jurisdiction agreement affecting the uses of the  
17 Snoqualmie River.

18 SECTION 12. County Purpose.

19 The Council finds and declares that the use of County funds  
20 for the purpose of paying in whole or in part the cost of acqui-  
21 sition of interests in Eligible Lands as set forth herein, includ-  
22 ing any costs necessarily incident to such acquisition, to the  
23 sale, issuance and delivery of the Bonds, or to participation  
24 with any Governmental Agency for such purposes will promote the  
25 health, welfare, benefit and safety of the people of King County  
26 and is a strictly County capital purpose.

27 SECTION 13. Terms of the Bonds.

28 For the purpose of providing funds necessary to pay the cost  
29 of carrying out the acquisition authorized by this ordinance, the  
30 County shall issue the Bonds in the principal amount of not to  
31 exceed \$50,000,000. The Bonds shall be sold at public sale in  
32 the manner required by law, shall bear interest payable at such

1 times, shall be issued in such series from time to time out of  
2 such authorization over a period of up to six years, and shall  
3 mature serially commencing in from two to five years from the  
4 date of issue of each series and maturing in a period which may  
5 be less than but shall not exceed thirty years from the date of  
6 issue of each series, all as hereafter authorized by the Council  
7 and as provided by law. Both the principal of and interest on  
8 the Bonds shall be payable out of annual tax levies to be made  
9 upon all of the taxable property within the County in excess of  
10 constitutional and statutory limits and from any other money  
11 which may become legally available and used for such purposes.  
12 Any series of the Bonds may be combined with other authorized  
13 general obligation bonds of the County and issued and sold as  
14 single issues of County bonds. The exact date, form, terms,  
15 redemption options and maturities of each series of the Bonds  
16 shall be as hereafter fixed by ordinance of the Council.

17 SECTION 14. Farmland and Open Space Acquisition Fund.

18 The principal proceeds of sale of the Bonds shall be depos-  
19 ited in a Farmland and Open Space Acquisition fund to be here-  
20 after created in the office of the Comptroller of King County  
21 (hereinafter "Acquisition Fund"), except that any premium and  
22 accrued interest on the Bonds received at the time of their  
23 delivery shall be paid into a fund of the County to be used for  
24 the redemption of the Bonds. Money in such Acquisition Fund may  
25 be temporarily deposited in such institutions or invested in such  
26 obligations as may be lawful for the investment of County money  
27 and may be temporarily advanced to the fund for the redemption of  
28 the Bonds to pay Bond interest pending receipt of taxes levied  
29 therefor.

30 The principal proceeds from the sale of the Bonds and any  
31 interest received from the deposit or investment of such proceeds  
32 shall be applied and used solely for the purposes set forth in

1 this ordinance, and none of such proceeds shall be used for other  
2 than a strictly county capital purpose.

3 SECTION 15. Calling Election.

4 It is hereby found and declared that an emergency exists  
5 requiring the submission to the qualified electors of the county  
6 at a special election to be held therein on September 18, 1979,  
7 of a proposition authorizing the issuance of the Bonds.

8 The Manager of the King County Records and Elections Divi-  
9 sion, as ex officio supervisor of all elections held within King  
10 County, is hereby requested to find the existence of such emer-  
11 gency and to assume jurisdiction of and to call and conduct such  
12 special election to be held within the County on that date and to  
13 submit to the qualified electors of the County at such special  
14 election the proposition hereinafter set forth.

15 The Administrator-Clerk of the Council is hereby authorized  
16 and directed to certify that proposition to the Manager of the  
17 King County Records and Elections Division in substantially the  
18 following form:

19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32

MATANUSKA-SUSITNA BOROUGH

FARM PROPERTY TAX DEFERRAL PROGRAM

LAZY MOUNTAIN

Name of Property Owner	Farm Use Applicant	Location of Farm (area, main road, side road)	Acreage	Assessed Valuation (land)	Assessed Valuation (Improvements)	Paid by Owner	Paid by State	Comment
Wilderness Farms (portion)		18N02E11A007 18N02E11C001 18N02E11A008 18N02E10D001 18N02E12C001	476.64	\$460,440	\$317,400	\$2,013.33	\$2,187.01	
John Nash		18N02E12D006 18N02E12D007 28N02E12D008 18N02E13A004 18N02E13A005 18N02E13A006	180.00	247,500	36,280	348.20	1,184.21	
Michael Pettit		18N02E13C001	120.00	92,500	54,400	359.86	433.40	
John Seeman		18N02E13B002 18N02E13D001 18N02E14A001	367.50	256,660	54,820	505.76	1,176.22	
John Bush		18N02E35B011 18N02E35B012	60.50	102,000	48,460	330.84	571.92	
John Leiner		3020B01L002	1.51	9,820	- 0 -	1.68	57.24	

MATANUSKA-SUSITNA BOROUGH

FARM PROPERTY TAX DEFERRAL PROGRAM

BUTTE

Name of Property Owner	Farm Use Applicant	Location of Farm (area, main road, side road)	Acreeage	Assessed Valuation (land)	Assessed Valuation (Improvements)	Paid by Owner	Paid by State	Comment
Danny and Sandra Allen		17N02E34B002 17N02E34B003 17N02E34B008	11.50	\$ 45,300	\$20,120	\$128.41	\$251.03	
Wendell Hill		17N02E27A002 17N02E27C001	99.75	166,920	55,200	431.86	856.43	
Paul Huppert		17N02E27D004	49.00	88,200	2,700	67.05	460.17	
John King		17N02E27A009 2089000T00A(King Subdivision) 2089000T00C(King Subdivision)	65.24	172,760	81,180	546.60	926.26	
Henry Kircher (portion)		17N02E34A001	36.00	72,000	- 0 -	41.76	375.84	
Patrick Mulligan		17N02E34A005 17N02E34D002	120.00	156,000	70,860	527.91	787.88	
Dietrich Rempel		17N02E24A004	135.00	141,760	64,440	452.05	743.91	
Kent Sandvik		17N02E26B001 2007B02L001 (Butte Acres Subdivision) 2007B02L020 2007B02L021	61.89	124,060	9,860	120.87	655.87	

MATANUSKA-SUSITNA BOROUGH

FARM PROPERTY TAX DEFERRAL PROGRAM

BUTTE

Name of Property Owner	Farm Use Applicant	Location of Farm (area, main road, side road)	Acreage	Assessed Valuation (land)	Assessed Valuation (Improvements)	Paid by Owner	Paid by State	Comment
Terrance Weiland		17N02E13C005 17N02E13D001 17N02E26B003 17N02E26C001 17N02E27A007	374.00	\$547,400	\$256,160	\$1,835.24	\$2,825.41	
Ed Wineck		17N02E27B002 17N02E28A001	80.00	114,000	33,220	264.48	589.40	
Thomas and Gene Williams		17N02E22D002 17N02E27A010 17N02E27A011 17N02E27B006	196.27	309,320	107,780	760.50	1,658.68	