

ALASKA LEGISLATURE COMMITTEE FILES 1997-1998 8672

9671 SENATE RESOURCES

be so guaranteed: hunting, fishing, trapping" etc. Mr. Tillery explained that all the language was subject to existing rights.

In response to a concern voiced by Sen. Phillips regarding restriction of motorized vehicles, Ms. McCammon clarified the use of motorized boats or planes was not prohibited. Mr. Tillery explained that the tide lands are not part of the acquisition, and therefore airplanes or boats would not be able to reach the acquired parcel. All access to the island is salt water borne; no ATV's or snow machines have ever gained access to the area.

Sen. Rieger raised a question as to how heavily the Near Island fisheries research project figured into the Trustees justification for the \$42 million acquisition. Mr. Tillery confirmed that the \$6 million for fisheries technology was a consideration in deciding to proceed with the current acquisition, since the State trustees viewed the research as a valid restoration benefit. Regarding the Federal Trustees, Ms. McCammon explained that they considered the fisheries facility as an added benefit, and not a driving factor in the acquisition. Mr. Tiller noted that the resolution adopted by all EVOS Trustees contains a statement that the Near Island Research Facility will have a positive benefit on natural resources injured by the Exxon Valdez oil spill.

Rep. Bunde expressed his concern regarding inflated appraisals which occurred in the past, and their reflection on future land acquisitions proposals. Rep. Bunde questioned whether the Conservation Easements applied to other state land already in the state park, and Mr. Tiller explained that it the defined terms applied only to the land transferred from the Kodiak Islands.

Chairman Martin raised a concern regarding the cost of managing these lands, and requested a list of long range and immediate cost to the State of land management. Ms. McCammon explained that the majority of current land acquisitions exist within Federal or State land holdings, thereby facilitating better quality and ease of land management. State Trustees believe that the proposed acquisition should be managed by personnel currently managing adjacent state lands, and would not increase management costs.

In response to Chairman Martin's suggestion that a portion of settlement funds be set aside for land management costs, it was pointed out that during 1995 such a motion was made regarding Seal Bay State Park, and was defeated; Federal Trustees did not agree to allocating such funds. The Department of Natural Resources do not believe that there will be any additional management costs; with the proposed acquisition. Mr. Tiller agreed to inquire about language which would guarantee that, in the case that management costs did increase in the future, these monies would come from the settlement fund and not from the state.

In response to a question by Sen. Frank, Jerome Selby clarified that it was a unanimous decision by the Kodiak Island Assembly to approve the acquisition plan. He went on to explain that they did not consider a local designation of the land, because Shuyak is

not located near enough to Kodiak Island in order to adequately manage the land, making it more effective to delegate the management to state park personnel. Sen. Adams questioned whether current cash flow necessitated the payment plan proposed in the RPL, and it was explained that it was difficult to ascertain cash flow demands over the next eight years, and payment over time appears to be a more conservative course. Funds are currently earning interest, and there are plans to move them to a higher interest bearing account.

Rep. Kohring expressed concern over the intent behind the proposed acquisition, whether that be to assist programs for Kodiak Island or for the benefit of the entire State, and questioned whether there was an impending threat to the land or resources of the island that necessitated the proposed purchase. Mayor Selby pointed out that some of the greatest bird losses resulting from the oil spill occurred on the Barons Island to the north of Shuyak Island, making it critical habitat for these bird species, as well as for sea mammals in that area which were hard hit by the spill. From the standpoint of restoration of species damage, the area is a priority.

Regarding the fishing industry, it was pointed out that the area contains excellent salmon streams for preservation. Mayor Selby conceded that while Kodiak Island stood to benefit from the acquisition, the benefits clearly impact the entire state of Alaska. He also pointed out the opportunity for tourism development in the Kodiak archepeglio, which would benefit the economy of Kodiak and the State. In addition, Mayor Selby reiterated the benefit of adequate facilities to fisheries researchers in the State and University. Molly McCammon pointed out that the Seward research facility would be used predominantly for marine mammals, sea bird and fisheries genetics, while the facility in Kodiak is oriented toward commercial fisheries technology, byproducts, processing techniques, etc. Rep. Zharoff pointed out that the research facility in Kodiak is one of only five of its kind in the nation.

Molly McCammon explained that the Trustees have examined the expenditure of funds in order not only to address restoration needs, but to leave lasting benefit to communities within the spill area. Therefore, any major acquisitions and research projects implement not only restoration benefits, but also community benefits.

CARL ROSIER, retired Trustee Member and member of the Alaska Outdoor Council, explained that the Council believes there to be many benefits from the land acquisition. The benefits include state management of lands, hunting and fishing resources, restoration of wildlife species, and conservation of habitat. The Council believes that the benefits will be clarified during the years to come and strongly supports passage of the RPL.

Sen. Adam's MOTION on RPL 10-6-4011 to approve appropriation of \$42 million for the purchase of Shuyak Island was continued. No

objections being raised, the motion was APPROVED by unanimous consent.

Discussion Regarding Anchorage Data Center

Motion to Conduct Special Audit of Department of Information Systems, Amended to include Statewide Analysis of customer service.

Approved.

MARK BOYER, Commissioner, Department of Administration, supported by KAREN MORGAN, Deputy Director of Division of Information Services, and RON HENSLING, addressed concern over the decision to realign data processing in the State of Alaska. He explained that the realignment was a business decision, based on economics, and referenced two studies conducted relating to state data processing, pointing to the direction of consolidating into one center that utilized a client/server format for accessing data.

Mr. Boyer referred to a study reportedly done by an earlier administration, which indicated that a shift away from Anchorage to Juneau would cost millions of dollars; he and his staff have been unable to locate such a study in their research. Rep. Bunde requested that the search for the study be continued and offered the assistance of an outside auditor, questioning the long term operating expense involved in the realignment.

Mr. Boyer pointed out cost savings in the near term, stating that the long term situation was difficult to determine due to the nature of change in the computer industry. In the next fiscal year, the Department of Administration (DOE) anticipates cost savings of nearly \$1 million, manifested through a combination of factors -- not purchasing duplicate licenses, nor additional software caused by redundant operations in Anchorage, in addition to reducing four vacant PCNs in the 1997 budget. A total \$925,000 in anticipated savings would be reflected in the budget introduced by the Governor.

In addition to direct savings, Mr. Boyer noted costs avoided by a change in business methods, such as adding additional disc drive space which would cost \$250,000, and adding uninterrupted power supply to the Anchorage facility which would cost \$150,000, as well as ongoing hardware maintenance costs of \$21,000 per month, and \$48,000 per month of software expenses.

Rep. Bunde expressed concern over the Governor's increase in the budget of \$5.8 million for telecommunications. Chairman Martin clarified that the figure refers to the Department of Administration's increase of software and enhancement of telecommunication.

SB

108

Long-Term Disposal Fix: Below is a long-term fix to put the state land disposal program on a scheduled basis, similar to the oil and gas lease sale program and the timber sale program. It enlarges the Land Bank to all lands that are classified as settlement or agriculture and requires the department to annually report to the legislature on at least 5,000 acres of land it proposes to offer for sale in a three-year land disposal schedule. The report must estimate how much it will cost annually to offer the land for sale, and estimate how much income is anticipated to be generated. The legislation also requires the Commissioner to expend funds for disposals that are appropriated for the three-year land disposal schedule. The legislation uses existing disposal programs as well as authorizing the department to enter into cooperative agreements to persons to privately develop land for disposal. (As of 3/98 there are 3.4 million acres of land classified as settlement and 600,000 acres of land classified as agriculture.)

* Section 1. AS 38.04.020(a) - (c) are amended to read:

Sec. 38.04.020. LAND DISPOSAL BANK. (a) The commissioner shall maintain [ESTABLISH] a land disposal bank containing all state land that is classified settlement or agricultural for disposal into private ownership, except as provided in (b) of this section.

(b) The land disposal bank does not include

(1) land nominated for selection or selected by a municipality to satisfy a general grant land entitlement under AS 29.65 or former AS 29.18.201 - 29.18.213;

(2) land retained in state ownership for multiple-use management;

(3) land where less than a fee simple title has been conveyed;

(4) land retained in state ownership under an enactment of the legislature or by the governor or a state agency under authority of law.

(c) Land to be retained in state ownership may be classified by the commissioner into multiple-use management categories under AS 38.04.065 and AS 38.05.300. Land [OUTSIDE A MUNICIPALITY] to be retained in state ownership consists of land classified into multiple-use management categories [FOR RETENTION IN STATE OWNERSHIP] by the commissioner [BY JULY 1, 1985. LAND CONVEYED TO THE STATE BY THE FEDERAL GOVERNMENT THAT IS TO BE RETAINED IN

STATE OWNERSHIP CONSISTS OF LAND CLASSIFIED BY THE COMMISSIONER WITHIN TWO YEARS OF RECEIPT OF TENTATIVE APPROVAL OR PATENT, WHICHEVER OCCURS FIRST]. State land not classified into multiple-use management categories for retention in state ownership or selected by a municipality [UNDER THIS SECTION] shall be classified and included in the land disposal bank. The commissioner shall ensure that the bank includes at least 500,000 acres.

* Sec. 2. AS 38.04.020(d) is repealed and reenacted to read:

(d) By January 15 of each legislature, the commissioner shall submit to the legislature a report on the total acreage in the land disposal bank planned and classified as suitable under this title for

(1) settlement purposes, including disposal for homesteads, subdivision lots, commercial or industrial sites, or remote recreational cabin sites; and

(2) agricultural disposal. [BY JANUARY 15 OF THE FIRST SESSION OF EACH LEGISLATURE, THE COMMISSIONER SHALL NOTIFY THE LEGISLATURE THAT THE COMMISSIONER HAS AVAILABLE A REPORT ON THE STATUS OF LAND IN THE LAND DISPOSAL BANK UNDER THE FOLLOWING CATEGORIES:

(1) LAND SUITABLE FOR HOMESTEAD DISPOSAL;

(2) LAND SUITABLE FOR SUBDIVISION DISPOSAL;

(3) LAND SUITABLE FOR AGRICULTURAL, COMMERCIAL, OR INDUSTRIAL DISPOSAL; AND

(4) LAND SUITABLE FOR OTHER PURPOSES.]

* Sec. 3. AS 38.04.020(e) is amended to read:

(e) The commissioner shall annually prepare a three-year schedule identifying land proposed for disposal during the next fiscal year and the following two fiscal years. The three-year land disposal schedule shall be included in the land disposal bank report required by (d) of this section. The schedule shall set out [ANNUALLY SUBMIT TO THE GOVERNOR] an estimate of [APPROPRIATION REQUEST FOR] funding [ESTIMATED TO BE] necessary to dispose of a minimum of 5,000 acres per year for the next three [TWO] years to allow

(1) survey and disposal of land proposed to be offered [MADE AVAILABLE] for remote recreational cabin site [HOMESTEAD] staking, with the general location of the land;

(2) survey and disposal of land proposed to be offered for [AS] agricultural, commercial, industrial, homestead, or other uses under AS 38.05.055, [OR] 38.05.057, or AS 38.09, with the general location of the land;

(3) [THE] survey and disposal of land proposed to be offered as subdivisions, with the general location of the land;

(4) preliminary feasibility studies, engineering design work, right-of-way acquisition, and construction of access roads and capital improvements required by municipal subdivision ordinance or regulation of the platting authority

(5) cooperative agreements to be entered into for the purposes of developing land for disposal [;

(6) IDENTIFICATION OF LAND THAT WILL BE PROPOSED FOR DISPOSAL UNDER THIS SUBSECTION IN FUTURE FISCAL YEARS].

* Sec. 4. AS 38.04.020(f) is repealed and reenacted to read:

(f) The estimate included in the three-year land disposal schedule under (e) of this section shall show:

(1) the total cost to develop and market each proposed project, including tract layout, identification of access and utility easements, public notice, survey, appraisal, sale administration, and issuance of purchase contracts, and

(2) the state revenue expected to be produced by each project if offered and disposed of.

* Sec. 5. AS 38.04.020(g) is amended to read:

(g) The [AFTER JULY 1 OF EACH YEAR, THE] commissioner shall direct the expenditure of money appropriated under AS 38.04.022 for the disposal of land in response to the three-year land disposal schedule under (e) of this section [REQUESTS MADE UNDER (E) and (F) OF THIS SECTION] for the following:

(1) Land designated as suitable for homestead disposal shall be [CLASSIFIED AND] surveyed under this chapter [AND AS 38.05] and made available for entry [STAKING AND LEASE] under AS 38.09.

(2) Land designated as suitable for subdivision and homesite disposal shall be surveyed, subdivided, [CLASSIFIED,] and disposed of under this chapter, AS 38.05, and AS 38.08.

(3) Land designated as suitable for [AGRICULTURAL,] commercial, industrial, or [SUITABLE FOR] other disposal shall be surveyed under this chapter and sold under AS 38.05.055 or 38.05.057.

(4) Land designated as suitable for remote recreational cabin sites shall be made available for staking, lease, and sale under AS 38.05.600(b), or surveyed under this chapter and made available for sale under AS 38.05.600(a).

(5) Land designated as suitable for agricultural disposal shall be surveyed if required under this chapter and sold under AS 38.05.321 and AS 38.05.055 or AS 38.05.057.

(6) The director may enter into a cooperative agreement with a person under AS 38.05.027 for the purposes of developing land for disposal. Such agreements may provide for a person to bid on land in order to secure an appraisal at the applicant's expense and then determine if the applicant wants first rights to purchase the land for development. If the applicant decides to purchase and develop the land the applicant must survey the land in compliance with state standards.

Sec. 6. AS 38.04.020(j) - (k) are repealed:

[(J) A PERSON OR AN AGENCY OF THE STATE MAY NOMINATE LAND RETAINED IN STATE OWNERSHIP FOR INCLUSION IN THE LAND DISPOSAL BANK OR MAY NOMINATE LAND IN THE LAND DISPOSAL BANK FOR RETENTION IN STATE OWNERSHIP. THE COMMISSIONER SHALL HOLD PUBLIC HEARINGS SEMIANNUALLY TO TAKE NOMINATIONS UNDER THIS SUBSECTION. A TRANSFER OF LAND FROM RETENTION IN STATE OWNERSHIP TO THE LAND DISPOSAL BANK OR FROM THE LAND DISPOSAL BANK TO RETENTION IN STATE OWNERSHIP SHALL BE ACCOMPLISHED THROUGH A CLASSIFICATION ORDER UNDER AS 38.05.300 AND WITH NOTICE UNDER AS 38.05.945. THE COMMISSIONER SHALL MAKE A WRITTEN DETERMINATION WITHIN SIX MONTHS AFTER RECEIPT OF A NOMINATION IF THE COMMISSIONER DETERMINES THAT THE LAND NOMINATED WILL NOT BE CLASSIFIED OR RECLASSIFIED AS REQUESTED.]

[(K) THE COMMISSIONER MAY WITHDRAW FROM THE LAND DISPOSAL BANK STATE LAND THAT HAS BEEN OFFERED FOR DISPOSAL BUT NOT CONVEYED WITHIN FIVE YEARS AFTER THE INCLUSION IN THE LAND DISPOSAL

BANK. STATE LAND WITHDRAWN FROM THE LAND DISPOSAL BANK UNDER THIS SECTION MUST BE RECLASSIFIED UNDER AS 38.04.065.]

* Sec. 7. AS 38.04.022 is amended to read:

Sec. 38.04.022. FUNDS FOR LAND DISPOSAL. (a) The revenue from the sale or lease of state land shall be deposited in a special state land disposal income account in the state general fund. The legislature may appropriate money from the special state land disposal income account for expenditure by the Department of Natural Resources for necessary costs incurred in the implementation of state land disposal programs authorized under this title.

(b) By January 15 of each legislature [WITHIN 30 DAYS AFTER THE LEGISLATURE CONVENES IN REGULAR SESSION], the Department of Natural Resources shall provide [NOTIFY] the legislature a summary [THAT A REPORT REFLECTING] of all money deposited in the fund established under (a) of this section during the prior fiscal year [IS AVAILABLE].

SHORT-TERM FOR REOFFERS: This is a short-term fix to get 5,000 potential reoffer parcels back onto the market without having to front the money for appraisals. It allows the department to charge for an appraisal or to allow an individual to contract for the appraisal. It also allows the department to offer parcels over the counter after purchasers have defaulted on them.

* Sec. 8. AS 38.05.057(f) is amended to read:

(f) If only one application for a parcel is received, the commissioner shall offer the parcel to the applicant who applied for the parcel if the applicant is qualified to participate in the lottery. If more than one application is received for a parcel, the commissioner shall select the applicant who is entitled to receive a conveyance of the land by lottery. If the commissioner does not receive an application for a parcel of state land or if a purchaser fails to sign or defaults on a [LEASE AGREEMENT OR] contract of sale, the parcel may [SHALL]¹ be offered to the first eligible person to apply for the parcel; if the director considers that a change in value may have occurred since the parcel's last appraisal, the commissioner may require the applicant to post a deposit under AS 38.05.860 to pay for an updated appraisal under AS 38.05.840 or the applicant may provide the appraisal at his/her own expense following instructions provided by the department. [IF THE PARCEL WAS DESIGNATED AS A HOMESITE

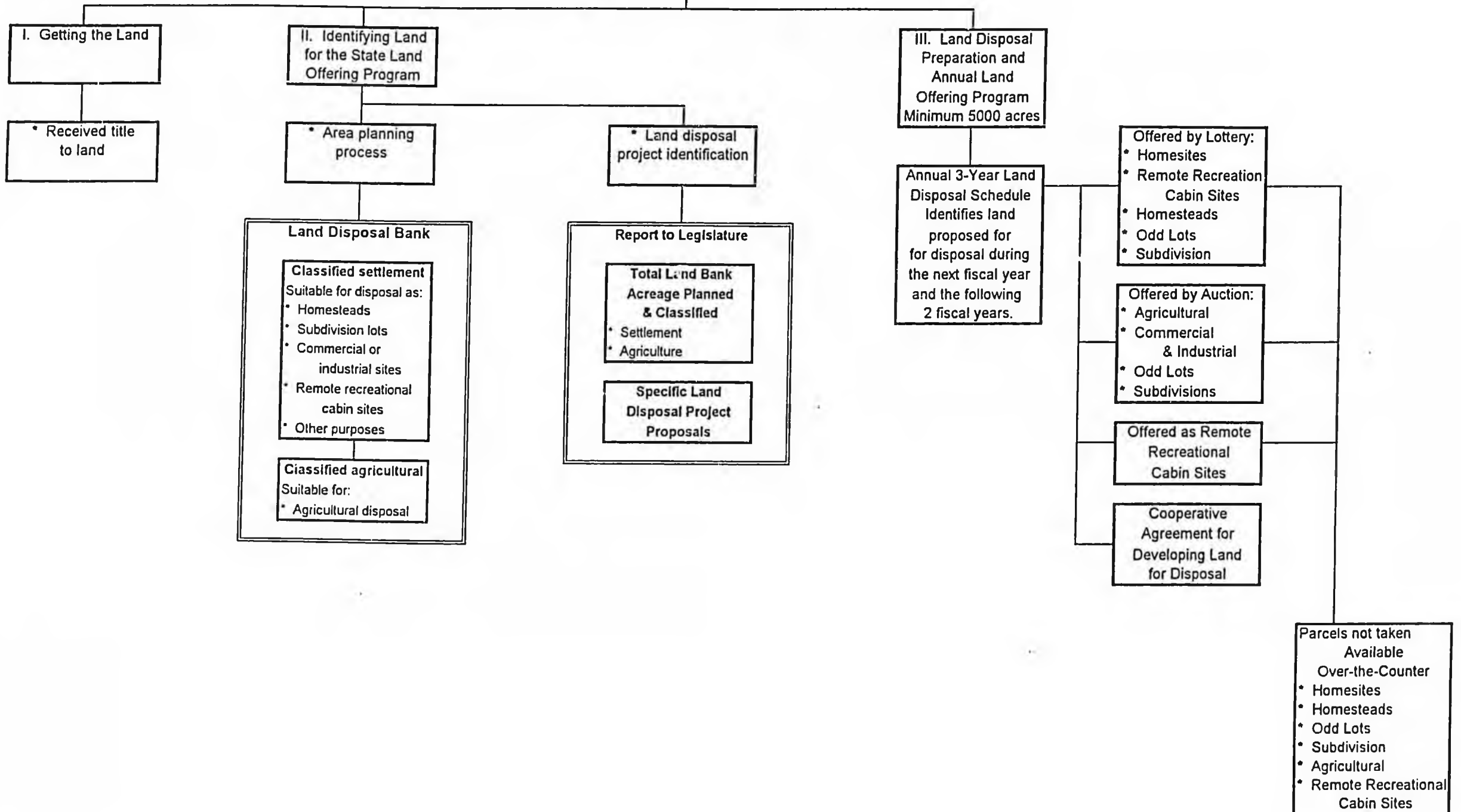
¹To match auction language in 38.05.60.

AND OFFERED TO THE PUBLIC UNDER FORMER AS 38.05.047(F), THE PARCEL SHALL BE DISPOSED OF UNDER THE TERMS REQUIRED BY AS 38.08.]

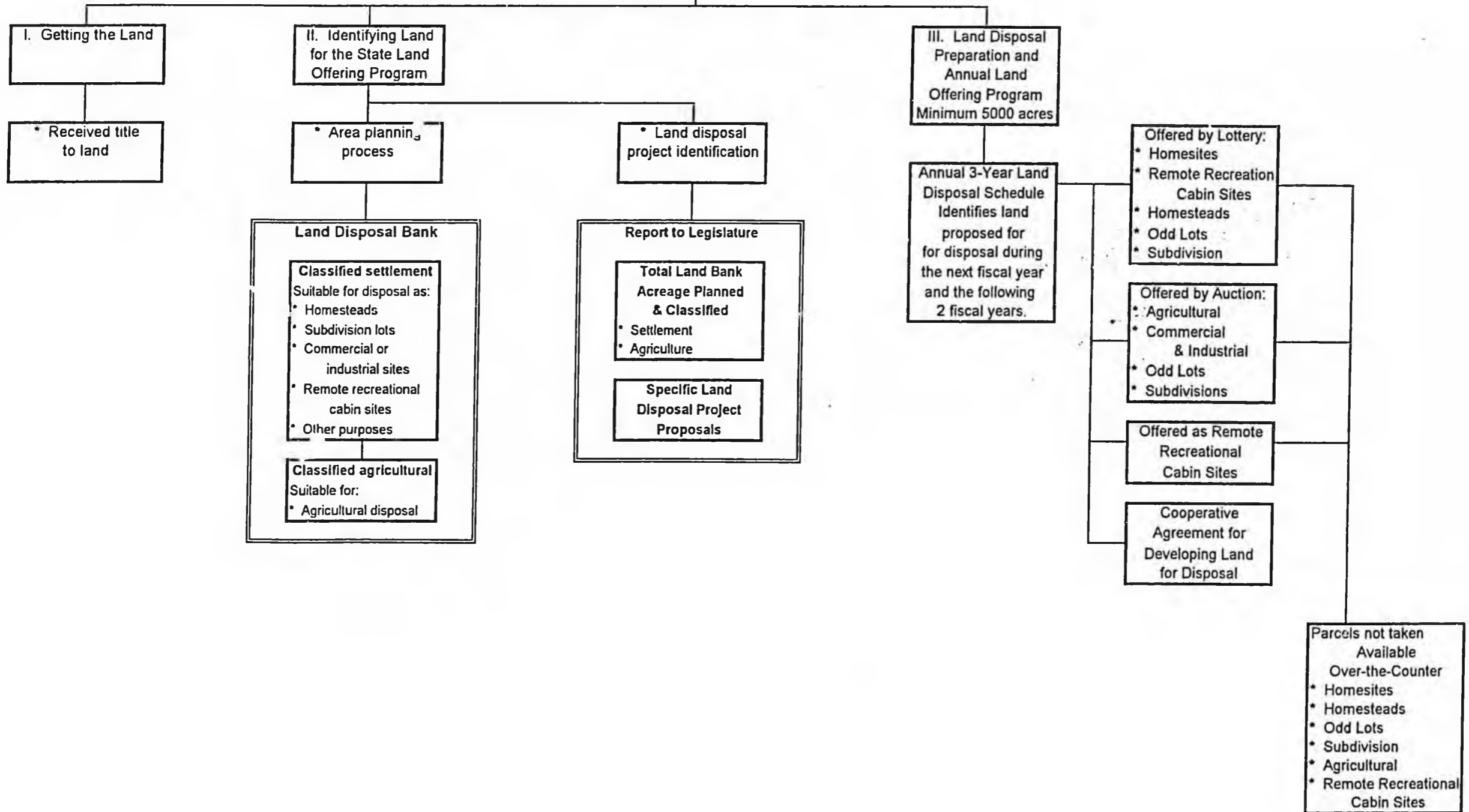
Sec. 9. AS 38.05.060 is amended to read:

Sec. 38.05.060. REJECTION OF BIDS; OVER-THE-COUNTER SALES. Before the signing of the formal conveyance by the director, the commissioner may reject all bids when the best interests of the state justify this action. Land offered at public sale but not sold, or for which a purchaser fails to sign or defaults on a contract of sale, may be made available at private sale for not less than its appraised value; if the director considers that a change in value may have occurred since the parcel's last appraisal, the commissioner may require the applicant to post a deposit under AS 38.05.860 to pay for an updated appraisal under AS 38.05.840 or to provide the appraisal at the applicant's own expense following instructions provided by the department.

Land Disposal



Land Disposal



Alaska State Legislature

Chairman,
Judiciary Committee

Member,
Resources Committee
Rules Committee
Committee on Committees



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Senator Robin L. Taylor

Sponsor Statement

Senate Bill 108
Relating to the disposal of state land by lottery

The west was developed by allowing people to have a stake in property. There is nothing that serves to bolster a free economy more than allowing a person to obtain an interest in property. Private land ownership of any magnitude is virtually absent in Alaska.

One major covenant of statehood was that Alaska was granted title to over 105 million acres of land by the federal government. To date, a minor portion of that land has been turned over to municipalities and an even less significant amount has been put into individual hands. The only exception has been the lands granted to native corporations under ANCSA. Even that land has not been transferred to individuals. Rather, it has been managed by the corporate entities. ***Alaska's residents are land poor.***

This legislation proposes to annually grant 1 million acres of land to Permanent Fund Dividend recipients. The average parcel awarded would be 40 acres in size. Parcels of land would be as small as 5 acres and larger for agricultural uses. Assuming 40 acres is the average size of the parcels, an estimated 25,000 permanent fund recipients would win parcels annually.

To be eligible for the proposed lottery Permanent Fund Dividend applicants would sign a statement on the application form stating that they wish to be entered in the land lottery. They would also attest to their eligibility and be warned of the consequences of making fraudulent statements to obtain state land.

The winners would be selected at random and would be notified via their permanent fund check or by first class mail. To obtain the land a winner would be required to stake the land, have the land surveyed and file that survey with the Department of Natural Resources. At that point title would pass to the lottery recipient.

Lottery recipients who accepted their land and those who decline would be excluded from the lottery for six years. After that period ensued they would then be eligible again to enter the lottery provided they meet the other eligibility requirements.

District A:

Hyder • Ketchikan • Kupreanof • Meyers Chuck • Petersburg • Saxman • Sitka • Wrangell

SENATE COMMITTEE REPORT

First Committee of Referral

DATE: 2/27/97

FURTHER: Finance

Date of 5-Day Notice: 3/13/97
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 3/27/98

Resources Committee considered

SENATE BILL NO. 108

"An Act relating to the disposal of state land by lottery."

and recommends:

- be replaced with _____ CS SB 108 (RES)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:
- same title
 - new title
- House Bill:
- same title
 - technical title
 - new: SCR# _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>John F. Taylor</i>	✓	<i>[Signature]</i>			✓
<i>[Signature]</i>	✓				
<i>Theresa A. Duncan</i>	✓				
<i>Hydra Green</i>	✓				
CHAIR: <i>Rick Halford</i>	✓	CHAIR:			

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal
DNR - MAINT	3/2/98		157.0
DNR - LAND	3/2/98		4162.0

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal

ORIGINAL
ORIGINAL
LS NOTES
CORRECTIONS

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. CSSB 108(RES)

Revision Date: 27-Mar-98 Dept Affected: Natural Resources
 Title: An Act relating to the disposal of state land BRU: Resource Development
by lottery Component: Land Development
 Sponsor: TAYLOR
 Requestor: SFIN Component Serial No. 431

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY99	FY00	FY01	FY03	FY04	FY03
PERSONAL SERVICES	395.0	991.0	991.0	991.0	991.0	991.0
TRAVEL	40.0	22.0	22.0	22.0	22.0	22.0
CONTRACTUAL	190.0	190.0	140.0	140.0	140.0	140.0
SUPPLIES	16.0	18.0	18.0	18.0	18.0	18.0
EQUIPMENT	42.0	42.0	18.0	18.0	18.0	18.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	683.0	1,263.0	1,189.0	1,189.0	1,189.0	1,189.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES (1005)	675.0	1,025.0	845.0	965.0	1,085.0	1,205.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	615.5	1,160.5	1,104.5	1,092.5	1,080.5	1,068.5
1005 GF/Program Receipts	67.5	102.5	84.5	96.5	108.5	120.5
1037 GF/Mental Health						
Other						
TOTAL	683.0	1,263.0	1,189.0	1,189.0	1,189.0	1,189.0

Estimate of any current year (FY98) cost: \$ None

POSITIONS

FULL-TIME	8.0	19.0	19.0	19.0	19.0	19.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS: (Attach a separate page if necessary)

FY 99 expenditures include Over-the-Counter (OTC) sales program. FY 00 and others are for Open to Entry (OTE) program. OTC expenditures include compiling detailed parcel lists, title reviews, identifying access, preparing maps and brochures, conducting the filing period and lottery/sales, record keeping, appraisal reviews, and contract and patent issuance. Revenue projection assumes 3000 OTC parcels offered in FY 99 and 2,000 in FY 00, 25% sold, \$5000/parcel, average 10 years to pay off contracts. OTE program expenditures include developing regulations, parcel identification, title services, identifying access, preparing maps and brochures, preparing mineral closing orders, public notice, conducting the filing period and lottery, record keeping, resolving staking conflicts, appraisal and survey review, and patent issuance. Revenue projection assumes 3000 parcels/year, \$300/acre, but only 20% (40,000 acres) follow through with survey and appraisal, and they take an average of 10 years from staking to purchase (bill has no deadlines for individuals to act and there is no interim rent/fee provision). SEE DETAIL ON SEPARATE SHEETS

Prepared by: Jane Angvik Phone: 269-8503
 Division: Land Date: 27-Mar-98
 Approved by Commissioner: [Signature] Date: 3-27-98
 Agency: Natural Resources

Details of fiscal impact for CSSB 108 (RES)
March 27, 1998

Note: Preparation of this fiscal note for a new land disposal program with relatively few guidelines requires the drafter to make a lot of assumptions. A 200,000 acre land disposal program would be larger than any past state land disposal program. For comparison, programs offered in the late 1970s and early 1980's, when the targets were to offer about 100,000 acres for several years, required annual budgets ranging from \$10-20 million (in FY 78-82 dollars, not adjusted). This program is assumed to be significantly less costly because we are not surveying or appraising the land.

There are two aspects of this program, a short term Over-the-Counter (OTC) sale consisting of primarily existing surveyed lots and a long term Open-to-Entry (OTE) program.

This fiscal note is based upon the following schedule (which is established by Section 4 of CSSB 108):

FY 99

July 1, 1998 - program starts (funds authorized)

October 1, 1998 - make first 15,000 acres available OTC

April 1, 1999 - make next 15,000 acres available OTC

FY 00

October 1, 1999 - make next 20,000 acres available OTC

April 1, 2000 - make 200,000 acres available for OTE

FY 01

April 1, 2001 - make next 200,000 acres available for OTE, and every April 1 thereafter.

Expenditures - Over the Counter Program - FY 99 and continue into FY 00

OTC expenditures include compiling detailed parcel lists, title reviews, identifying access, preparing maps and brochures, conducting the filing period and lottery/sales, record keeping, appraisal reviews, and contract and patent issuance.

Staff. Specific staff and what they do follows:

Project manager - coordinate the project, project budget, hire and supervise staff
1 Natural Resource Manager (NRM) II

Disposal Project Staff - identify parcels, title checks, review project and individual parcel files for all previously offered parcels (approx 5000), identify access, coordinate mapping, prepare brochure that explains to public the land for sale, prepare application materials, prepare public notice, assist with distribution of parcel information, assist public information offices with public inquiries (expect over 5,000 inquiries for EACH

offering), prepare contracts or sale agreements, enter all parcel and sale information into DNR records.

- 1 Natural Resource Officer (NRO) II
- 1 NRO I
- 2 Natural Resource Technicians (NRT) II

Public Information Staff - Assist with brochure preparation and distribution, answer public inquiries, assist applicants, process applications, receive money. Staff will be in Anchorage and Fairbanks PIC. Prior to Oct 1 offering, assist disposal project staff with preparations.

- 1 Natural Resource Officer (NRO) II
- 1 NRO I

Graphics/Technical Staff - Prepare brochures with maps and other parcel information, including information on access, general location maps, subdivision plats. Prepare application forms. Supervise printing. Expect to need over 5000 copies of the general information brochure.

- 1 Cartographer II

Assume no additional appraisal, contract, or survey staff in first year.

Budget

Personal Services

1 Natural Resource Manager (NRM) II	67.4
2 Natural Resource Officer (NRO) II	104.2
2 NRO I	92.2
2 Natural Resource Technician (NRT)II	82.4
1 Cartographer II	48.8
Total - personal services	395.0

Travel - inspect certain parcels, set-up sales in local areas 40.0

Contractual

print 2 brochures - at \$50,000 each	100.0
print applications and other forms	50.0
newspaper notices, mailouts	20.0
other (xerox, phones, etc)	20.0
Total - contractual	190.0

Supplies - general office supplies for staff of 8 16.0

Equipment (includes computers for project staff (FY 99/00 only) 42.0

TOTAL - FY 99 683.0

Expenditures - Open to Entry (OTE) Program - FY 00 and following years

OTE program expenditures include parcel identification, title services, identifying access, preparing maps and brochures, preparing mineral closing orders, public notice, conducting the filing period and lottery, record keeping, resolving staking conflicts, appraisal and survey review, and patent issuance. During the first few months of FY 00, staff will also continue preparations for final OTC offering.

Staff. Specific staff and what they do follows:

Project manager - coordinate the project, project budget, hire and supervise staff

1 Natural Resource Manager (NRM) II

Disposal Project Staff - identify areas, describe parcels or staking areas by aliquot parts, title checks, review files for previous disposals, identify all existing 3rd party interests, identify and reserve access routes to and through OTE areas, coordinate mapping, brochure preparation, prepare application materials, prepare public notice, assist with distribution of parcel information and assist public information offices with public inquiries (expect over 10,000 inquiries for EACH offering), resolve staking conflicts, prepare contracts or sale agreements, enter all parcel and sale information into DNR records.

3 Natural Resource Officer (NRO) II

2 NRO I

2 Natural Resource Technician (NRT) I

Public Information Staff - Assist with brochure preparation and distribution, answer public inquiries, assist applicants, process applications, receive money. Staff will be in Anchorage and Fairbanks PIC.

1 Natural Resource Officer (NRO) II

2 NRO I

Contracts Administration and Deed preparation - draft, approve, records, monitor, collect fees, and process assignments for contracts, and issue deeds when paid off

1 NRO II

1 NRO I

Appraisals and Surveys - issue instructions, review, and approve several hundred individual appraisals and surveys each year. Respond to numerous inquiries from public and surveyors/appraisers.

2 NRM I (appraisals)

2 Land Surveyor I

Graphics/Technical Staff - Prepare brochures with maps and other parcel information, including information on access, general location maps, subdivision plats. Some/most

amps may be computer generated (GIS). Expect to need over 10,000 copies of the general information brochure. Set-up and maintain several large data bases to track sales, per person acreages, parcel availability, etc.

1 Cartographer II

1 Analyst Programmer III

Budget - FY 00 and following years

Personal Services

1 Natural Resource Manager (NRM) II	67.4
2 NRM I (appraisals)	119.4
5 Natural Resource Officer (NRO) II	260.5
5 NRO I	230.5
2 Natural Resource Technician (NRT) I	82.4
2 Land Surveyors I	126.5
1 Cartographer II	48.9
1 Analyst/Programmer II	<u>55.4</u>

Total - personal services 991.0

Travel - field inspections (few), other 22.0

Contractual

print 1 brochure	50.0
(2 in FY 00 - OTE and OTC offerings)	
print applications and other forms	30.0
newspaper notices, mailouts	20.0
other (xerox, phones, etc)	<u>40.0</u>

Total - contractual 140.0

Supplies - general office supplies for staff of 18 18.0

Equipment 18.0
(FY 00 equipment budget includes computers)

TOTAL 1189.0

Revenue Projections

OTC Revenue projection assumes 3000 OTC parcels offered in FY 99 and 2,000 in FY 00, 25% are actually sold, \$5000/ parcel, average 10 years to pay off contracts.

Revenue FY 99 OTC = 3000 parcels x .25 = 750 parcels sold x \$5000/parcel = \$3,750,000
total sale value divided by 10 years = \$375,000 per/year revenue from FY 99 sales; plus
application fees of \$100x3000 parcels = 300,000.

Revenue FY 00 OTC = 2000 parcels x .25 = 500 parcels sold x \$5000/parcel = \$2,500,000
total sale value divided by 10 years = \$250,000 per/year revenue from FY 00 sales; plus
application fees of \$100x2000 parcels = 200,000.

OTE Revenue projection assumes that of 200,000 acres offered, 20% (40,000 acres) follow through with survey and appraisal, and they take an average of 10 years from staking to purchase (bill has no deadlines for individuals to act, and there is no interim rent/fee provision). Average value assumed at \$300/acre. 40,000 acres x \$300/acre = \$12,000,000. Assume average payoff of 10 years (bill allows up to 15 years), or \$1,200,000 per year. HOWEVER, the bill does not allow for any fee/rent from time of staking to completion of survey and appraisal. Past remote and OTE programs allowed ten years (but required an annual fee), so DNR assumes that this program will allow ten years. Assume that most people will not complete survey and appraisal at start of program, only 10%/year, hence net revenues of \$120,000 per year (will increase after ten years (FY 2010)).

Revenue from OTE filing fee assumes 2000 applicants first year (\$200,000), but anticipate interest will taper off rapidly and assume 1000 applicants second year (\$100,000) and every year thereafter.

Revenue Summary

SOURCE	INCOME by FY					
	99	00	01	02	03	04
revenue from FY 99 OTC	375	375	375	375	375	375
revenue from FY 00 OTC	0	250	250	250	250	250
revenue from OTC fees	300	200	0	0	0	0
revenue from OTE sales	0	0	120	240	360	480
revenue from OTE fees	0	200	100	100	100	100
Total for FY	675	1025	845	965	1085	1205

Fund Source

Section 2 of CSSB 108(RES) expresses legislative intent that DNR can use only 10 percent of program receipts to implement the program. Therefore, fiscal note shows remainder of funds coming from General Fund.

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. SB108

Revision Date: 2-Mar-98 Dept Affected: Natural Resources
 Title: "An Act relating to the Disposal of State Land by Lottery". BRU: Management and Administration
 Component: Information Resource Management
 Sponsor: Senator Taylor
 Requestor: (S)RES Component Serial No. 427

Expenditures/Revenues (Thousands of Dollars)

	FY99	FY00	FY01	FY02	FY03	FY04
OPERATING EXPENDITURES						
PERSONAL SERVICES	140.0	75.0	75.0	75.0	75.0	75.0
TRAVEL						
CONTRACTUAL	3.0	3.0	3.0	3.0	3.0	3.0
SUPPLIES	8.0	2.0	2.0	2.0	2.0	2.0
EQUIPMENT	8.0					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	159.0	80.0	80.0	80.0	80.0	80.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

	FY99	FY00	FY01	FY02	FY03	FY04
1002 Federal Receipts						
1003 GF Match						
1004 GF	159.0	80.0	80.0	80.0	80.0	80.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	159.0	80.0	80.0	80.0	80.0	80.0

Estimate of any current year (FY98) cost: \$ None

POSITIONS

	FY99	FY00	FY01	FY02	FY03	FY04
FULL-TIME	1.0	1.0	1.0	1.0	1.0	1.0
PART-TIME	1.0	1.0	1.0	1.0	1.0	1.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS: (Attach a separate page if necessary)

SB 108 requires DNR to dispose of 1,000,000 acres per year and randomly assign winners of a lottery to parcels of land. The lottery will include all applicants for the permanent fund dividend who are eligible to be included in the lottery every 6 years. This bill will require programming to tract the eligible applicants from the permanent fund dividend list. The Land Status GIS system (status plats) will require notation of the applications, relinquishments and patents to the graphic record. A new case type and transactions will need to be developed for the Land Administration System (LAS). This program would be ongoing and require additional labor every year. Initial costs for one full-time programmer and 1 part-time cartographic position to create an Automated Land Platting System, develop new case types and transactions in the LAS will be approximately \$140.0. The cost for one computer with software package and license for the cartographer will be \$19.0 for the first year. Subsequent year funding of \$80.0 would provide database programming and computerized mapping support to note disposals and surveys on status plats.

Prepared by: Carol Carroll, Director Phone: 465-4730
 Division: Support Services Date: 2-Mar-98
 Approved by Commissioner: *Carol Carroll* Date: 3/2/98
 Agency: Natural Resources

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FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. SB108

Revision Date: 2-Mar-98
 Title: An Act relating to the disposal of state land
by lottery
 Sponsor: Senator Taylor
 Requestor: (S)RES

Dept Affected: Natural Resources
 BRU: Resource Development
 Component: Land Development
 Component Serial No. 431

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY99	FY00	FY01	FY02	FY03	FY04
PERSONAL SERVICES	3,697.0	3,697.0	3,697.0	3,697.0	3,697.0	3,697.0
TRAVEL	28.0	28.0	28.0	28.0	28.0	28.0
CONTRACTUAL	285.0	285.0	285.0	285.0	285.0	285.0
SUPPLIES	66.0	66.0	66.0	66.0	66.0	66.0
EQUIPMENT	86.0	86.0	86.0	86.0	86.0	86.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	4,162.0	4,162.0	4,162.0	4,162.0	4,162.0	4,162.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	4,162.0	4,162.0	4,162.0	4,162.0	4,162.0	4,162.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	4,162.0	4,162.0	4,162.0	4,162.0	4,162.0	4,162.0

Estimate of any current year (FY98) cost: \$ None

POSITIONS

FULL-TIME	67.0	67.0	67.0	67.0	67.0	67.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS:

(Attach a separate page if necessary)

This program will require huge staff resources to administer and track, with no return to the state. It will be a major drain on the operating budget, with long term costs to provide state and municipal services. While the land is offered for free, there are considerable administrative costs associated with this program: First, the parcels need to be identified (assuming 25,000 parcels at a median size of 40 acres): all the parcels need to be checked to ensure suitability (slopes, soils, swamps, rockfall & avalanche hazards, etc), checked for any third party interests (mining claims, municipal selections, etc.), and checked to make sure access is protected both to the parcels, and to adjacent public lands and waters. Also, all parcels need to be mapped and described legally. Second, the public notice would have to be given statewide, and the lottery itself would be conducted, with 600,000 applicants and 25,000 winners. (continued on following page)

Prepared by: Jane Angvik, Director Phone: 269-8503
 Division: Land Date: 2-Mar-98
 Approved by Commissioner: [Signature] Date: 3/2/98
 Agency: Natural Resources

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Analysis on SB108 continued...

Third, the 25,000 winners would have to be tracked to ensure they comply with the deadlines for proving they are qualified, and for completing their survey. All the surveys would have to be reviewed and approved by staff. Finally, patents would have to be prepared and issued for all successful applicants. The operating costs to accomplish these tasks would be immense.

Other potential costs to the state include loss of revenue to the University and Mental Health Trust due to depressed land values resulting from dumping so much 'free' land on the market. Also, fire management costs would escalate, as would costs to municipalities and the state to provide services. Some municipalities would also lose potential revenue because settlement-suitable land would be disposed of rather than used to fulfill municipal entitlements (approximately 640,000 acres are still owed to municipalities).

The program will have a tremendously high default rate as it awards random parcels to random PFD applicants, with no regard to the public's demand for land. Much of the state's land is in remote areas. Accessible and developable land is largely in private, municipal, or ANCSA Corporation ownership. By awarding remote parcels of state land at random to all PFD applicants, many people who do not want to acquire any land, or who do not have the resources to survey the land, will be awarded parcels. The default rate will be extremely high. Many people who win parcels in remote areas will not likely follow through with the survey, as the survey costs may well exceed the value of the parcel, and access is often prohibitively expensive.

Financial analysis includes parcel identification, suitability and hazard determinations, title services, delineation of reservations, identifying access, mapping, preparing mineral closing orders, public notice, conducting the lottery, record keeping, survey review, and patent issuance. Analysis assumes 25,000 parcels offered each year, with 5,000 going forward to patent. Identifying & preparing parcels for disposal requires 3 Natural Resource Manager I's, 14 Natural Resource Officer II's, 9 Natural Resource Officer I's, 5 Natural Resource Technician II's, and 2.5 Cartographer II's. Title services will require 8.5 Natural Resource Officer II's and 5 Natural Resource Officer I's. Survey reviews will require 10 Land Surveyor I's. Contract administration (patent issuance) will require 8 Natural Resource Manager I's. Computer mapping and database management will require 2 Analyst Programmer III's.

CS FOR SENATE BILL NO. 108()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATOR TAYLOR

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the disposal of state land; and providing for an effective
2 date."

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

4 * Section 1. FINDINGS. The State of Alaska, through the Alaska Statehood Act, is
5 entitled to over 105,000,000 acres of land. Alaska is one of the smallest states by population.
6 Because of its small population, the state has been overly influenced by ephemeral riches from
7 nonrenewable oil wealth. The state should envision its future without the presence of
8 petroleum as the principal source of revenue. Land is the state's most secure and permanent
9 resource. In recent years, federal and state government agencies have acquired private land
10 to place into parks and preserves in a state that already has an abundance of acreage in similar
11 land classifications. The legislature desires to reverse this trend and resuscitate the
12 entrepreneurial spirit that was achieved before and at the beginning of statehood. Alaska is
13 made up of major land holdings owned by federal, state, and local governments with relatively
14 minor portions held privately by ANCSA corporations and individuals. There is little that can

1 be done to foster a private economy without sufficient privately held land capital. Private
2 ownership of land has historically benefited people and assisted in promoting the economic
3 development of our country. The legislature therefore finds that the distribution of land to
4 citizens annually will stimulate economic development and benefit residents today and in the
5 future.

6 * **Sec. 2. INTENT.** (a) It is the intent of the legislature that the Department of Natural
7 Resources shall receive annual appropriations under AS 37.05.144 amounting to 10 percent
8 of the receipts accounted for from the program under AS 37.05.142 to implement the
9 requirements of sec. 4 of this Act.

10 (b) It is further the intent of the legislature that money received from the sale of land
11 classified as (1) agricultural land shall be appropriated to the agricultural revolving loan fund
12 established under AS 03.10.040, (2) forest land shall be appropriated to the state land
13 reforestation fund established under AS 41.17.300, and (3) settlement land or that is
14 unclassified shall be appropriated to the public school trust fund established under
15 AS 37.14.110.

16 (c) Nothing in this section creates a dedicated fund.

17 * **Sec. 3.** AS 38.05 is amended by adding a new section to read:

18 **Sec. 38.05.064. Appraisal and survey costs.** The commissioner may require
19 a purchaser of land, whether the purchase is by auction, lottery, or other means, to

20 (1) provide at the purchaser's expense

21 (A) an appraisal of the land completed in the manner directed
22 by the commissioner;

23 (B) a survey of the land completed in the manner directed by
24 the commissioner;

25 (2) reimburse the state for the cost of

26 (A) an appraisal of the land completed by the state;

27 (B) a survey of the land completed by the state.

28 * **Sec. 4.** AS 38 is amended by adding a new chapter to read:

29 **Chapter 14. Alaska Land Availability Act.**

30 **Sec. 38.14.010. Sale of state land; exemption.** (a) Notwithstanding any other
31 provision of this title, the commissioner may sell state land as provided in this chapter.

1 (b) Land may not be selected by the department under AS 38.14.040 or
2 otherwise sold under this chapter unless it is unclassified under AS 38.05.300 or, if
3 classified, it is classified as forest, agricultural, settlement, or recreational land. The
4 following land is not subject to sale under this chapter:

5 (1) land identified under AS 16.20, AS 41.15.300 - 41.15.330,
6 AS 41.17, AS 41.21, and AS 41.23;

7 (2) land subject to a grazing lease;

8 (3) land selected by a municipality under AS 29.65; and

9 (4) land used as an administrative site by the state.

10 (c) The selection of land by the department under AS 38.14.040 and the
11 disposal of land by sale under this chapter are exempt from the requirements of
12 AS 38.04 and AS 38.05. The department shall provide prior public notice as required
13 under the state constitution for disposals of state land.

14 **Sec. 38.14.020. Sales to lessees; sales subject to existing leases;**
15 **commissioner may not convey mineral or resource rights.** (a) Before land that is
16 subject to a lease is sold under this chapter, the department shall offer the land to the
17 lessee if the lessee is eligible under AS 38.14.030 to purchase land under this chapter.
18 The lessee may purchase the land for the fair market value of the land as determined
19 by an appraiser selected by the lessee from the list of appraisers approved by the
20 department under AS 38.14.150. If the land has been previously surveyed by the
21 department, the department may require the lessee to reimburse the department for the
22 costs of the survey. If the land has not been previously surveyed by the department,
23 the lessee shall comply with the requirements of AS 38.14.110 before the lessee may
24 receive fee simple title to the land. A purchase of land by a lessee under this section
25 is subject to AS 38.14.060 - 38.14.150. A lessee may purchase a maximum of 640
26 acres of land under this section during the lessee's lifetime.

27 (b) A sale of land under this chapter to a person other than the lessee is
28 subject to an existing lease entered into by the department before the sale of the land.
29 The state shall retain the lease and the payments due under the lease affecting land
30 sold to a person other than the lessee under this section. A lease affecting land sold
31 by the state under this chapter to a person other than the lessee is subject to renewal

1 or extension as provided in the terms of the lease or the law under which the lease was
2 issued.

3 (c) In a sale of land under this chapter, the commissioner may not convey a
4 mineral or resource right that the state is required to maintain under a law of this state
5 or of the United States. A sale of land under this chapter must provide for access to
6 those minerals or resources by the state or a lessee or other designee of the state.

7 **Sec. 38.14.030. Eligibility to purchase land.** A person may not purchase land
8 under this chapter unless the person

9 (1) is a resident of the state under AS 01.10.055 and has been a
10 resident of the state for one year;

11 (2) is an individual who is at least 18 years of age at the time of the
12 purchase;

13 (3) at the time of purchase, on a form provided by the department that
14 bears a notification that a false statement is punishable under AS 11.56.210, certifies
15 that the person

16 (A) meets the eligibility requirements of this section;

17 (B) understands that the state or a political subdivision of the
18 state is not required to provide on-site schools for the land to be acquired and
19 that the person may not require the state to provide on-site schools; and

20 (C) understands that the state is not required to construct or
21 maintain roads to the land to be acquired and that the person may not require
22 the state to construct or maintain roads to the land to be acquired.

23 **Sec. 38.14.040. Selection of land for sale; over-the-counter land sales.** (a)
24 By October 1, 1998, the department shall select not less than 15,000 acres of state land
25 that the department has previously identified for disposal and offer that land for sale
26 as provided in this section. Not more than 180 days thereafter, the department shall
27 select an additional 15,000 acres for sale under this section. Not more than 180 days
28 thereafter, the department shall select an additional 20,000 acres for sale under this
29 section.

30 (b) The department shall sell the land selected for sale under this section to
31 the first person eligible under AS 38.14.030 to purchase land under this chapter who

1 appears in person to purchase the land at the site or sites designated by the department
2 for the sale of land. The sale price of the land shall be the fair market value of the
3 land as determined by an appraiser selected from the list of appraisers approved by the
4 department under AS 38.14.150. The prospective purchaser shall pay for the appraisal.

5 (c) The land offered for sale under this section may be offered based upon an
6 aliquot parts description. The state is not required to provide a survey by a licensed
7 surveyor. If the state provides a survey, the state may require the purchaser to
8 reimburse the state for the survey. The purchaser may not receive fee simple title to
9 the land until the person provides the survey required under AS 38.14.110 or the state
10 is reimbursed for the cost of the survey under this section if reimbursement is required
11 by the state.

12 **Sec. 38.14.050. Open-to-entry land sales.** (a) Not more than six months
13 after all of the land selected for sale is offered for sale under AS 38.14.040 and each
14 year thereafter, the department shall select and designate as open to entry areas of the
15 state where at least an aggregate total of 200,000 acres of state land may be staked.

16 (b) A person eligible to purchase land under AS 38.14.030 may purchase land
17 that is selected for sale and designated by the department as open to entry.

18 (c) To purchase land under this section, a prospective purchaser shall
19 personally stake the exterior boundaries of the land in accordance with the regulations
20 adopted by the department. A prospective purchaser may stake a parcel of land that
21 is not less than five acres and that does not exceed 640 acres. A prospective purchaser
22 may not stake within 100 yards of private land or previously staked land unless the
23 purchaser has received written consent from the other property owner or person who
24 has previously staked land. The parcel of land staked may not include usable
25 waterfront in excess of one-third of the total exterior boundary of the parcel. The
26 parcel of land staked shall be compact in form with its length not exceeding
27 approximately four times its width unless the commissioner finds that the land use,
28 terrain, or effect of the form on access to it and other parcels requires another form.
29 Not later than 15 days after selection and staking the exterior boundaries of land, the
30 prospective purchaser shall file a sketch plat with the department which shows the
31 location of the land and shall pay a nonrefundable filing fee to the department of \$100.

1 The fair market value of the land shall be determined by an appraiser selected by the
2 purchaser from the list approved by the department under AS 38.14.150. Upon
3 payment in full of the purchase price by cash, certified check, or money order, and the
4 completion of the survey required under AS 38.14.110, the purchaser shall receive fee
5 simple title to the land. The department shall require the appraisal and survey to be
6 completed within a period of time set by regulation.

7 (d) During the person's lifetime, a person may purchase a cumulative
8 maximum of 640 acres from the state under this section.

9 **Sec. 38.14.060. Purchase by installments; void sales.** (a) The department
10 shall offer a purchaser of land under AS 38.14.020, 38.14.040, or 38.14.050 the option
11 of paying the purchase price in full at the time of purchase or on terms with payment
12 of the balance of the purchase price over the next 15 years at an annual interest rate
13 of not more than six percent.

14 (b) A purchase of land under this chapter that is made in violation of this
15 chapter is void as of the date of sale and does not give the purchaser, a subsequent
16 purchaser, a lessee, a devisee, or other person a right to the land, an interest in the
17 land, or the return of the purchase price paid to the state for the land.

18 **Sec. 38.14.070. Schools.** The state, a municipality, or a rural educational
19 attendance area does not have a duty to provide on-site schools for a parcel of land
20 purchased by a person under this chapter.

21 **Sec. 38.14.080. Rights-of-way and easements.** The state shall retain a 100-
22 foot right-of-way along each section line of land sold under this chapter and shall
23 reserve other rights-of-way and easements as are necessary to reach and use public
24 water and public and private land. The state shall identify the reservations under this
25 section at the time of a sale under this chapter.

26 **Sec. 38.14.090. Roads; acquisition by state.** (a) The state does not have a
27 duty to construct or maintain roads to a parcel of land purchased by a person under
28 this chapter. A person acquiring land by purchase under this chapter may construct
29 a road from an existing state or municipal road to the land if the proposed route is
30 approved by the department or a municipality and the road is constructed to standards
31 set by the Department of Transportation and Public Facilities.

1 (b) A road constructed by a person who purchases land under this chapter that
2 is built on the state's section line right-of-way is open to the public and the purchaser
3 of the land may not exclude the public from its use.

4 (c) A road constructed by a person who purchases land under this chapter
5 becomes a public road, without compensation to the builder of the road, if the state or
6 a municipality agrees to accept the road and undertake responsibility for the
7 maintenance of the road.

8 **Sec. 38.14.100. Applicability of municipal zoning laws.** Except as otherwise
9 provided in this chapter, land disposed of by sale under this chapter is subject to
10 municipal zoning laws and regulations.

11 **Sec. 38.14.110. Surveys.** (a) Unless the state provided a survey at the time
12 of purchase, a person who acquires land by purchase under this chapter may not
13 receive fee simple title to the land until the person has the land surveyed at the
14 person's expense and provides a copy of that survey to the state without charge. The
15 survey shall be conducted as provided in regulations adopted by the department.

16 (b) To assist persons in completing surveys under this section, the state shall
17 ensure that at least one monument exists within five miles of each parcel of land
18 offered for sale under this chapter.

19 **Sec. 38.14.120. Security deposit.** A person who purchases land under this
20 chapter shall at the time of the purchase pay to the state a security deposit in the
21 amount of 10 percent of the purchase price to ensure the person's compliance with the
22 requirements of this chapter and other laws. The payment of this security deposit does
23 not immunize the person from liability for violations of this chapter or other laws nor
24 limit the ability or authority of the state to require compliance with and to enforce the
25 laws of the state. The department may, without process of any kind, expend the
26 deposit to cover costs incurred by the state, damage to the land, or a diminution in the
27 value of the land caused by the person's violation of the requirements of this chapter
28 or other laws. The department shall refund the deposit to the person after the person
29 pays the purchase price in full to the state.

30 **Sec. 38.14.130. Additional terms and conditions.** The department may not
31 impose terms and conditions in excess of those provided in this chapter or by the state

1 constitution.

2 **Sec. 38.14.140. Mapping.** To aid persons in making purchase choices under
3 this chapter, the state shall provide maps of state lands and plats that identify the
4 parcels available for purchase under this chapter. The state may charge a fee for the
5 maps and plats sufficient to cover the state's cost for reproducing the maps and plats.

6 **Sec. 38.14.150. Appraiser list.** The department shall compile a list of real
7 estate appraisers who are licensed under AS 08.87 and who have provided evidence
8 to the department that they are skilled in the appraisal of undeveloped land.

9 **Sec. 38.14.300. Definitions.** In this chapter,

10 (1) "commissioner" means the commissioner of natural resources;

11 (2) "department" means the Department of Natural Resources.

12 * **Sec. 5.** This Act takes effect immediately under AS 01.10.070(c).

0-LS0353\H
Luckhaupt
3/11/97

CS FOR SENATE BILL NO. 108()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTIETH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): SENATOR TAYLOR

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the disposal of state land by lottery."

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

3 * Section 1. FINDINGS. The State of Alaska, through the Alaska Statehood Act, is
4 entitled to over 105,000,000 acres of land. Alaska is one of the smallest states by population.
5 Because of its small population, the state has been overly influenced by ephemeral riches from
6 nonrenewable oil wealth. The state should envision its future without the presence of
7 petroleum as the principal source of revenue. Land is the state's most secure and permanent
8 resource. In recent years, federal and state government agencies have acquired private land
9 to place into parks and preserves in a state that already has an abundance of acreage in similar
10 land classifications. The legislature desires to reverse this trend and resuscitate the
11 entrepreneurial spirit that was achieved before and at the beginning of statehood. Alaska is
12 made up of major land holdings owned by federal, state, and local governments with relatively
13 minor portions held privately by ANCSA corporations and individuals. There is little that can
14 be done to foster a private economy without sufficient privately held land capital. Private
15 ownership of land has historically benefited people and assisted in promoting the economic

1 development of our country. The legislature therefore finds that the distribution of 1,000,000
2 acres to citizens annually will stimulate economic development and benefit residents today and
3 in the future. This gradual distribution will allow a slow, steady conversion to private land
4 ownership over a period of more than 100 years.

5 * Sec. 2. AS 38 is amended by adding a new chapter to read:

6 **Chapter 14. Alaska Land Lottery Act.**

7 **Sec. 38.14.010. Land lottery.** (a) The department shall annually conduct a
8 lottery of all applicants for the permanent fund dividend under AS 43.23. The total
9 number of winners of the lottery shall be equal to the number of parcels of land
10 selected for disposal that year under AS 38.14.040. The department shall randomly
11 assign each winner of the lottery to a parcel of land and shall notify each winner by
12 (1) a notice on the permanent fund dividend stub or direct deposit advice as provided
13 under AS 43.23.028(a)(8), or (2) first-class mail at the mailing address supplied on the
14 permanent fund dividend application, that the individual is eligible to receive an
15 interest in land under this chapter and of the location and description of the parcel
16 assigned.

17 (b) If a winner of the lottery under (a) of this section receives a permanent
18 fund dividend for that dividend year and supplies proof of that receipt to the
19 department within three years of the date of the lottery, the department shall issue to
20 the individual an interest in the land. The interest in the land entitles the individual
21 to fee simple title to the land, subject to the reservations to the state under
22 AS 38.14.020, if the individual completes the survey and location marking required
23 under AS 38.14.100.

24 (c) An interest received under (b) of this section is freely transferable to
25 another person.

26 (d) An individual who is selected under (a) of this section is not eligible for
27 another lottery under this section until six years have elapsed since the individual was
28 selected.

29 (e) If an individual selected under this section is a minor, the interest in the
30 land shall be awarded to the parents of the minor in trust for the minor.

31 **Sec. 38.14.020. Commissioner may not convey mineral or resource rights**

1 or historic, prehistoric, and archaeological resources. In a disposal under this
2 chapter, the commissioner

3 (1) may not convey a mineral or resource right that the state is required
4 to maintain under a law of this state or of the United States; a disposal under this
5 chapter must provide for reasonable access to these minerals or resources by the state
6 or a lessee or other designee of the state;

7 (2) shall reserve to the state all historic, prehistoric and archaeological
8 resources, burial grounds, and grave sites known or discovered on the property; in this
9 paragraph, "historic, prehistoric and archaeological resources" has the meaning given
10 in AS 41.35.230.

11 **Sec. 38.14.030. Eligibility to receive an interest in land.** An individual may
12 not be awarded an interest in land under this chapter unless the individual has received
13 a permanent fund dividend under AS 43.23 for the year in which the interest is
14 awarded.

15 **Sec. 38.14.040. Selection of land for lottery.** (a) Annually, not later than
16 January 31 of each year, the department shall select 1,000,000 acres more or less of
17 state land to be awarded by lottery to applicants for the permanent fund dividend in
18 that calendar year. In selecting the 1,000,000 acres, at least one percent of the lands
19 selected must be parcels of at least 80 acres in size suitable for agriculture. The
20 remaining 99 percent of the land selected must consist of parcels not less than five
21 acres in size with the median parcel size being 40 acres.

22 (b) The selection of land under this section and the disposal of it by lottery
23 under this chapter are exempt from the requirements of AS 38.04 and AS 38.05. The
24 department shall provide prior public notice as required under the state constitution for
25 disposal of land.

26 (c) The land selected under (a) of this section shall be offered based upon an
27 aliquot parts description. The state is not required to provide a survey by a licensed
28 surveyor.

29 **Sec. 38.14.050. Schools.** The state, a municipality, or a rural educational
30 attendance area does not have a duty to provide on-site schools for a parcel of land
31 disposed of under this chapter.

1 **Sec. 38.14.060. Rights-of-way and easements.** The state shall retain not less
2 than a 100-foot right-of-way along each section line of land disposed under this
3 chapter and shall reserve other rights-of-way and easements as are necessary to reach
4 and use public water and public and private land. The state shall identify the
5 reservations under this section at the time of a disposal under this chapter.

6 **Sec. 38.14.070. Roads; acquisition by state.** (a) The state does not have a
7 duty to construct or maintain roads to a parcel of land disposed of under this chapter.
8 A person acquiring land disposed of under this chapter may construct a road from an
9 existing state or municipal road to the land if the proposed route is approved by the
10 department or a municipality and the road is constructed to standards set by the
11 Department of Transportation and Public Facilities.

12 (b) A road constructed by a person who acquires land disposed of under this
13 chapter that is built on the state's section line right-of-way is open to the public, and
14 the owner of the land may not exclude the public from its use.

15 (c) A road constructed by a person who acquires land disposed of under this
16 chapter becomes a public road, without compensation to the builder of the road, if the
17 person offers the road to the state or a municipality and the state or the municipality
18 agrees to accept the road and undertake responsibility for the maintenance of the road.

19 **Sec. 38.14.080. Nonapplicability of the Alaska coastal management**
20 **program.** Notwithstanding any other provision of law, land disposed of under this
21 chapter is not subject to AS 46.40 (Alaska coastal management program).

22 **Sec. 38.14.090. Land not subject to disposal.** Land identified under
23 AS 16.20, AS 41.15.300 - 41.15.330, AS 41.17, AS 41.21, and AS 41.23 is not subject
24 to disposal under this chapter.

25 **Sec. 38.14.100. Surveys.** An individual who receives an interest in land under
26 this chapter shall, within three years of receiving the interest,

27 (1) have the land surveyed at the individual's expense; the survey shall
28 be conducted as provided in regulations adopted by the department by a surveyor
29 licensed by the state; the individual shall provide a copy of the survey to the state
30 without charge; the state may not issue a deed to the land until the survey has been
31 completed and supplied to the state; and

1 (2) mark the location of the parcel on the ground by

2 (A) posting at the northeast corner of the parcel of land a plain
3 sign or notice containing the name of the individual; and

4 (B) erecting at each corner or angle of the parcel substantial
5 monuments of stone or setting posts, not less than three feet in height nor less
6 than three inches in diameter hewn and marked with the name of the
7 individual, the position or number of the monument, and the direction of the
8 boundary lines, and by cutting out, blazing, or marking the boundary lines so
9 that they can be readily traced; where it is impracticable to place a monument
10 at its true position, a witness monument shall be erected and marked to indicate
11 the true position of the corner or angle.

12 **Sec. 38.14.110. Land subject to existing leases and claims may not be**
13 **offered.** Land that is subject to an existing surface estate lease, subsurface or mining
14 lease, or mining claim may not be offered for disposal under this chapter.

15 **Sec. 38.14.120. No liability for contamination of soil or water before**
16 **acquisition.** Notwithstanding any other provision of law, an individual who receives
17 an interest in land under the lottery provided for in this chapter is not liable under state
18 law for contamination of soil or water occurring before the individual's receipt of the
19 interest.

20 **Sec. 38.14.130. Additional terms and conditions.** The department may not
21 impose terms and conditions in excess of those provided in this chapter or by the state
22 constitution.

23 **Sec. 38.14.140. Penalties and enforcement.** (a) In addition to any criminal
24 penalties imposed by state law, if an individual is convicted of a crime in connection
25 with a false statement made in a certification required under AS 43.23.015 and the
26 individual indicated under AS 43.23.017 that the individual was applying for a parcel
27 of land under this chapter, and the conviction is not reversed, that individual forfeits
28 any parcels of land, or interests in parcels of land, awarded and is not eligible for a
29 future Alaska land lottery under this chapter.

30 (b) If the commissioner of revenue determines that a permanent fund dividend
31 should not have been claimed by or paid to an individual, the commissioner of natural

1 resources may use all collection procedures or remedies available for collection of
2 taxes or recovery of property provided by law to recover a parcel of land that was
3 improperly awarded to the individual. A notice of an improperly awarded parcel of
4 land must be sent to the individual within

5 (1) three years after fee simple title is awarded to the individual or
6 successor of the individual; or

7 (2) six years after fee simple title is awarded to the individual or
8 successor of the individual if the commissioner determines that the individual exercised
9 gross negligence or recklessly disregarded a material fact in connection with a false
10 statement made in an application.

11 (c) An individual who, in applying for a parcel of land under the land lottery
12 program or, in applying for a parcel of land for another individual, wilfully
13 misrepresents, exercises gross negligence, or recklessly disregards a material fact
14 pertaining to eligibility forfeits the dividend is subject to a civil fine of up to \$5,000
15 and loses eligibility to receive an award of a parcel of land under the land lottery
16 forever. The commissioner may commence proceedings in court to enforce this
17 subsection.

18 (d) If notice is not sent within the time required under (b) of this section,
19 administrative or judicial proceedings may not be commenced for recovery of an
20 improperly awarded parcel of land. The time limitations of (b) of this section do not
21 apply if a parcel of land is forfeited under (a) of this section or if it is more probable
22 than not that an individual has committed a crime in connection with a false statement
23 made in an application.

24 **Sec. 38.14.200. Definitions.** In this chapter,

25 (1) "commissioner" means the commissioner of natural resources;

26 (2) "department" means the Department of Natural Resources.

27 * Sec. 3. AS 43.23 is amended by adding a new section to read:

28 **Sec. 43.23.017. Land lottery application.** (a) The department shall include
29 on the application form prescribed and furnished under AS 43.23.015(b)

30 (1) an option for an applicant for the permanent fund dividend to
31 indicate if the applicant wishes to apply for an opportunity to receive a parcel of land

1 under the land lottery under AS 38.14; and

2 (2) a notice that applying under (1) of this subsection and signing the
3 application form under AS 43.23.015 subjects the applicant to the penalties provided
4 for under AS 38.14.

5 (b) The penalty and enforcement provisions of AS 38.14 apply to an individual
6 who applies for a parcel of land under this section and AS 38.14 on behalf of another.

7 * Sec. 4. AS 43.23.028(a) is amended by adding a new paragraph to read:

8 (8) disclose if that individual is a winner in the land lottery conducted
9 under AS 38.14.

10 * Sec. 5. AS 43.23.055 is amended by adding a new paragraph to read:

11 (9) cooperate with the Department of Natural Resources and supply all
12 resources and information necessary for the implementation of the land lottery under
13 AS 38.14.

CS FOR SENATE BILL NO. 108()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTIETH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATOR TAYLOR

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the disposal of state land."

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

3 * Section 1. FINDINGS. The State of Alaska, through the Alaska Statehood Act, is
4 entitled to over 105,000,000 acres of land. Alaska is one of the smallest states by population.
5 Because of its small population, the state has been overly influenced by ephemeral riches from
6 nonrenewable oil wealth. The state should envision its future without the presence of
7 petroleum as the principal source of revenue. Land is the state's most secure and permanent
8 resource. In recent years, federal and state government agencies have acquired private land
9 to place into parks and preserves in a state that already has an abundance of acreage in similar
10 land classifications. The legislature desires to reverse this trend and resuscitate the
11 entrepreneurial spirit that was achieved before and at the beginning of statehood. Alaska is
12 made up of major land holdings owned by federal, state, and local governments with relatively
13 minor portions held privately by ANCSA corporations and individuals. There is little that can
14 be done to foster a private economy without sufficient privately held land capital. Private
15 ownership of land has historically benefited people and assisted in promoting the economic

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(b) In a sale of land under this chapter, the commissioner may not convey a mineral or resource right that the state is required to maintain under a law of this state or of the United States. A sale of land under this chapter must provide for access to these minerals or resources by the state or a lessee or other designee of the state.

Sec. 38.14.030. Eligibility to purchase land. A person may not purchase land under this chapter unless the person

(1) is a resident of the state under AS 01.10.055 and has been a resident of the state for one year;

(2) is an individual who is at least 18 years of age at the time of the purchase;

(3) at the time of purchase, on a form provided by the department that bears a notification that a false statement is punishable under AS 11.56.210, certifies that the person

(A) meets the eligibility requirements of this section and AS 38.14.040;

(B) understands that the state or a political subdivision of the state is not required to provide on-site schools for the land to be acquired and that the person may not require the state to provide on-site schools;

(C) understands that the state is not required to construct or maintain roads to the land to be acquired and that the person may not require the state to construct or maintain roads to the land to be acquired; and

(D) will take good care of the property and the environment to the best of the person's ability.

Sec. 38.14.040. Maximum entitlement to purchases. During the person's lifetime, a person may purchase a cumulative maximum of 160 acres from the state under this chapter.

Sec. 38.14.050. Selection of land for sale. (a) Within 180 days after the effective date of this Act, the department shall select not less than 200,000 acres of state land that the department has previously identified for disposal and included in the land disposal bank and offer that land for sale at public auction as provided in AS 38.14.060. Each 180 days thereafter the department shall select an additional

CORRECTION

THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

Central Microfilm Services
Department of Education
State of Alaska

0-LS0353VT

- Luckhaupt

3/4/98

CS FOR SENATE BILL NO. 108()**IN THE LEGISLATURE OF THE STATE OF ALASKA****TWENTIETH LEGISLATURE - SECOND SESSION****BY****Offered:****Referred:****Sponsor(s): SENATOR TAYLOR****A BILL****FOR AN ACT ENTITLED****1 "An Act relating to the disposal of state land."****2 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

3 * Section 1. FINDINGS. The State of Alaska, through the Alaska Statehood Act, is
4 entitled to over 105,000,000 acres of land. Alaska is one of the smallest states by population.
5 Because of its small population, the state has been overly influenced by ephemeral riches from
6 nonrenewable oil wealth. The state should envision its future without the presence of
7 petroleum as the principal source of revenue. Land is the state's most secure and permanent
8 resource. In recent years, federal and state government agencies have acquired private land
9 to place into parks and preserves in a state that already has an abundance of acreage in similar
10 land classifications. The legislature desires to reverse this trend and resuscitate the
11 entrepreneurial spirit that was achieved before and at the beginning of statehood. Alaska is
12 made up of major land holdings owned by federal, state, and local governments with relatively
13 minor portions held privately by ANCSA corporations and individuals. There is little that can
14 be done to foster a private economy without sufficient privately held land capital. Private
15 ownership of land has historically benefited people and assisted in promoting the economic

1 development of our country. The legislature therefore finds that the distribution of 400,000
2 acres to citizens annually will stimulate economic development and benefit residents today and
3 in the future. This gradual distribution will allow a slow, steady conversion to private land
4 ownership over a period of more than 100 years.

5 * **Sec. 2. INTENT.** It is the intent of the legislature that the Department of Natural
6 Resources shall receive annual appropriations to implement the requirements of this Act and
7 that the program created by this Act will receive appropriations under AS 37.05.144 from the
8 receipts accounted for from the program under AS 37.05.142.

9 * **Sec. 3.** AS 38 is amended by adding a new chapter to read:

10 **Chapter 14. Alaska Land Entitlement Act.**

11 **Sec. 38.14.010. Sale of state land; exemption.** (a) Notwithstanding any other
12 provision of this title, the commissioner may sell state land as provided in this chapter.

13 (b) Land may not be selected by the department under AS 38.14.050 or
14 otherwise sold under this chapter unless it is unclassified under AS 38.05.300 or, if
15 classified, it is classified as forest, agricultural, settlement, or recreational land. The
16 following land is not subject to sale under this chapter:

17 (1) land identified under AS 16.20, AS 41.15.300 - 41.15.330,
18 AS 41.17, AS 41.21, and AS 41.23;

19 (2) land subject to a grazing lease; and

20 (3) land used as an administrative site by the state.

21 (c) The selection of land by the department under AS 38.14.050 and the
22 disposal of land by sale under this chapter are exempt from the requirements of
23 AS 38.04 and AS 38.05. The department shall provide prior public notice as required
24 under the state constitution for disposals of state land.

25 **Sec. 38.14.020. Sales subject to existing leases; commissioner may not**
26 **convey mineral or resource rights.** (a) A sale of land under this chapter is subject
27 to an existing lease entered into by the department before the sale of the land. The
28 state shall retain the lease and the payments due under the lease affecting land sold
29 under this section. A lease affecting land sold by the state under this chapter is subject
30 to renewal or extension as provided in the terms of the lease or the law under which
31 the lease was issued.

1 (b) In a sale of land under this chapter, the commissioner may not convey a
2 mineral or resource right that the state is required to maintain under a law of this state
3 or of the United States. A sale of land under this chapter must provide for access to
4 these minerals or resources by the state or a lessee or other designee of the state.

5 **Sec. 38.14.030. Eligibility to purchase land.** A person may not purchase land
6 under this chapter unless the person

7 (1) is a resident of the state under AS 01.10.055 and has been a
8 resident of the state for one year;

9 (2) is an individual who is at least 18 years of age at the time of the
10 purchase;

11 (3) at the time of purchase, on a form provided by the department that
12 bears a notification that a false statement is punishable under AS 11.56.210, certifies
13 that the person

14 (A) meets the eligibility requirements of this section and
15 AS 38.14.040;

16 (B) understands that the state or a political subdivision of the
17 state is not required to provide on-site schools for the land to be acquired and
18 that the person may not require the state to provide on-site schools;

19 (C) understands that the state is not required to construct or
20 maintain roads to the land to be acquired and that the person may not require
21 the state to construct or maintain roads to the land to be acquired; and

22 (D) will take good care of the property and the environment to
23 the best of the person's ability.

24 **Sec. 38.14.040. Maximum entitlement to purchases.** During the person's
25 lifetime, a person may purchase a cumulative maximum of 160 acres from the state
26 under this chapter.

27 **Sec. 38.14.050. Selection of land for sale.** (a) Within 180 days after the
28 effective date of this Act, the department shall select not less than 200,000 acres of
29 state land that the department has previously identified for disposal and included in the
30 land disposal bank and offer that land for sale at public auction as provided in
31 AS 38.14.060. Each 180 days thereafter the department shall select an additional

1 200,000 acres from the land disposal bank until all of the land in the land disposal
2 bank has been selected and offered for sale.

3 (b) After all the land in the land disposal bank has been offered for sale under
4 (a) of this section, the department shall annually select for each subsequent fiscal year
5 for sale not less than 400,000 acres of additional state land. The land selected may
6 be sold by public auction under AS 38.14.060 or by designation of the land as open
7 to entry under AS 38.14.070.

8 **Sec. 38.14.060. Sale of land by public auction.** (a) Except for land
9 designated as open to entry, land selected for sale shall be sold by public auction.
10 Except as provided in AS 38.14.070 and except for parcels of less than 40 acres that
11 had already been surveyed by the state on the effective date of this Act, the land
12 selected for sale by public auction shall be in parcels of not less than 40 acres nor
13 more than 160 acres, more or less. The commissioner shall determine the time and
14 place of the auction. An auction sale may be held in a community near the land to be
15 sold. The commissioner shall allow the auction to occur by electronic means and may
16 also allow the submission of prior written bids. Upon payment in full of the purchase
17 price and the security required by AS 38.14.140 by cash, certified check, or money
18 order, and the completion of the survey required under AS 38.14.130, a successful
19 bidder at the auction shall receive fee simple title to the land. A minimum bid of not
20 less than \$100 an acre shall be required by the department for purchase at public
21 auction.

22 (b) The land offered for sale under this section may be offered based upon an
23 aliquot parts description. The state is not required to provide a survey by a licensed
24 surveyor. If the state provides a survey, the state may require the purchaser to
25 reimburse the state for the survey.

26 (c) A parcel of land offered for sale at public auction under (a) of this section
27 that is not sold at the auction may be purchased by a person eligible to purchase land
28 under AS 38.14.030 after the auction for not less than \$100 an acre.

29 **Sec. 38.14.070. Open to entry land sales.** (a) A person eligible to purchase
30 land under AS 38.14.030 may purchase land that is selected for sale and designated
31 by the department as open to entry.

1 (b) To purchase land under this section, a prospective purchaser shall
2 personally stake the exterior boundaries of the land in accordance with the regulations
3 adopted by the department. If the land designated as open to entry has been
4 previously surveyed by the department, a prospective purchaser may stake a parcel of
5 land that does not exceed 160 acres. If the land has not been previously surveyed by
6 the department, a prospective purchaser may stake a parcel of land that does not
7 exceed 80 acres. A prospective purchaser may not stake within 100 yards of private
8 land or previously staked land. The parcel of land staked may not include usable
9 waterfront in excess of one-third of the total exterior boundary of the parcel. The
10 parcel of land staked shall be compact in form with its length not exceeding
11 approximately four times its width unless the commissioner finds that the land use,
12 terrain, or effect of the form on access to it and other parcels requires another form.
13 Not later than 15 days after selection and staking the exterior boundaries of land, the
14 prospective purchaser shall file a sketch plat with the department which shows the
15 location of the land and shall pay a deposit to the department of \$100 an acre. The
16 department shall determine the fair market value of the land and shall notify the
17 prospective purchaser. The fair market value may not be less than \$100 an acre.
18 Upon payment in full of the purchase price and the security required by AS 38.14.140
19 by cash, certified check, or money order, and the completion of the survey required
20 under AS 38.14.130, the purchaser shall receive fee simple title to the land.

21 **Sec. 38.14.080. Purchase by installments; void sales.** (a) The department
22 shall offer a purchaser of land under AS 38.14.060 or 38.14.070 the option of paying
23 the purchase price in full at the time of purchase or on terms with payment of the
24 balance of the purchase price over the next 15 years at an annual interest rate of not
25 more than six percent.

26 (b) A purchase of land under this chapter that is made in violation of
27 AS 38.14.030 or 38.14.040 is void as of the date of sale and does not give the
28 purchaser, a subsequent purchaser, a lessee, a devisee, or other person a right to the
29 land, an interest in the land, or the return of the purchase price paid to the state for the
30 land.

31 **Sec. 38.14.090. Schools.** The state, a municipality, or a rural educational

1 attendance area does not have a duty to provide on-site schools for a parcel of land
2 purchased by a person under this chapter.

3 **Sec. 38.14.100. Rights-of-way and easements.** The state shall retain a 100-
4 foot right-of-way along each section line of land sold under this chapter and shall
5 reserve other rights-of-way and easements as are necessary to reach and use public
6 water and public and private land. The state shall identify the reservations under this
7 section at the time of a sale under this chapter.

8 **Sec. 38.14.110. Roads; acquisition by state.** (a) The state does not have a
9 duty to construct or maintain roads to a parcel of land purchased by a person under
10 this chapter. A person acquiring land by purchase under this chapter may construct
11 a road from an existing state or municipal road to the land if the proposed route is
12 approved by the department or a municipality and the road is constructed to standards
13 set by the Department of Transportation and Public Facilities.

14 (b) A road constructed by a person who purchases land under this chapter that
15 is built on the state's section line right-of-way is open to the public and the purchaser
16 of the land may not exclude the public from its use.

17 (c) A road constructed by a person who purchases land under this chapter
18 becomes a public road, without compensation to the builder of the road, if the state or
19 a municipality agrees to accept the road and undertake responsibility for the
20 maintenance of the road.

21 **Sec. 38.14.120. Applicability of municipal zoning laws.** Except as otherwise
22 provided in this chapter, land disposed of by sale under this chapter is subject to
23 municipal zoning laws and regulations.

24 **Sec. 38.14.130. Surveys.** (a) Unless the state provided a survey at the time
25 of purchase, a person who acquires land by purchase under this chapter may not
26 receive fee simple title to the land until the person has the land surveyed at the
27 person's expense and provides a copy of that survey to the state without charge. The
28 survey shall be conducted as provided in regulations adopted by the department.

29 (b) To assist persons in completing surveys under this section, the state shall
30 ensure that at least one monument exists within five miles of each parcel of land
31 offered for sale under this chapter.

1 **Sec. 38.14.140. Security deposit.** A person who purchases land under this
2 chapter shall at the time of the purchase pay to the state a nonrefundable security
3 deposit in the amount of 10 percent of the purchase price to ensure the person's
4 compliance with the requirements of this chapter and other laws. The payment of this
5 security deposit does not immunize the person from liability for violations of this
6 chapter or other laws nor limit the ability or authority of the state to require
7 compliance with and to enforce the laws of the state. The department may, without
8 process of any kind, expend the deposit to cover costs incurred by the state, damage
9 to the land, or a diminution in the value of the land caused by the person's violation
10 of the requirements of this chapter or other laws. The department shall refund the
11 deposit to the person after the person pays the purchase price in full to the state.

12 **Sec. 38.14.150. Additional terms and conditions.** The department may not
13 impose terms and conditions in excess of those provided in this chapter or by the state
14 constitution.

15 **Sec. 38.14.200. Aerial mapping.** To aid persons in making purchase choices
16 under this chapter, the state shall provide aerial maps of state lands and plats drawn
17 by the use of the global positioning satellite system that identify the parcels available
18 for purchase under this chapter. The state may charge a fee for the maps and plats
19 sufficient to cover the state's cost for reproducing the maps and plats.

20 **Sec. 38.14.300. Definitions.** In this chapter,
21 (1) "commissioner" means the commissioner of natural resources;
22 (2) "department" means the Department of Natural Resources;
23 (3) "land disposal bank" means the state land disposal bank established
24 under AS 38.04.020.

0-LS0353VT

Luckhaupt

3/4/98

CS FOR SENATE BILL NO. 108()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY

Offered:

Referred:

Sponsor(s): SENATOR TAYLOR

A BILL

FOR AN ACT ENTITLED

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4 entitled to over 105,000,000 acres of land. Alaska is one of the smallest states by population.
5 Because of its small population, the state has been overly influenced by ephemeral riches from
6 nonrenewable oil wealth. The state should envision its future without the presence of
7 petroleum as the principal source of revenue. Land is the state's most secure and permanent
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11 entrepreneurial spirit that was achieved before and at the beginning of statehood. Alaska is
12 made up of major land holdings owned by federal, state, and local governments with relatively
13 minor portions held privately by ANCSA corporations and individuals. There is little that can
14 be done to foster a private economy without sufficient privately held land capital. Private
15 ownership of land has historically benefited people and assisted in promoting the economic

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2 acres to citizens annually will stimulate economic development and benefit residents today and
3 in the future. This gradual distribution will allow a slow, steady conversion to private land
4 ownership over a period of more than 100 years.

5 * **Sec. 2. INTENT.** It is the intent of the legislature that the Department of Natural
6 Resources shall receive annual appropriations to implement the requirements of this Act and
7 that the program created by this Act will receive appropriations under AS 37.05.144 from the
8 receipts accounted for from the program under AS 37.05.142.

9 * **Sec. 3.** AS 38 is amended by adding a new chapter to read:

10 **Chapter 14. Alaska Land Entitlement Act.**

11 **Sec. 38.14.010. Sale of state land; exemption.** (a) Notwithstanding any other
12 provision of this title, the commissioner may sell state land as provided in this chapter.

13 (b) Land may not be selected by the department under AS 38.14.050 or
14 otherwise sold under this chapter unless it is unclassified under AS 38.05.300 or, if
15 classified, it is classified as forest, agricultural, settlement, or recreational land. The
16 following land is not subject to sale under this chapter:

17 (1) land identified under AS 16.20, AS 41.15.300 - 41.15.330,
18 AS 41.17, AS 41.21, and AS 41.23;

19 (2) land subject to a grazing lease; and

20 (3) land used as an administrative site by the state.

21 (c) The selection of land by the department under AS 38.14.050 and the
22 disposal of land by sale under this chapter are exempt from the requirements of
23 AS 38.04 and AS 38.05. The department shall provide prior public notice as required
24 under the state constitution for disposals of state land.

25 **Sec. 38.14.020. Sales subject to existing leases; commissioner may not**
26 **convey mineral or resource rights.** (a) A sale of land under this chapter is subject
27 to an existing lease entered into by the department before the sale of the land. The
28 state shall retain the lease and the payments due under the lease affecting land sold
29 under this section. A lease affecting land sold by the state under this chapter is subject
30 to renewal or extension as provided in the terms of the lease or the law under which
31 the lease was issued.

1 (b) In a sale of land under this chapter, the commissioner may not convey a
2 mineral or resource right that the state is required to maintain under a law of this state
3 or of the United States. A sale of land under this chapter must provide for access to
4 these minerals or resources by the state or a lessee or other designee of the state.

5 **Sec. 38.14.030. Eligibility to purchase land.** A person may not purchase land
6 under this chapter unless the person

7 (1) is a resident of the state under AS 01.10.055 and has been a
8 resident of the state for one year;

9 (2) is an individual who is at least 18 years of age at the time of the
10 purchase;

11 (3) at the time of purchase, on a form provided by the department that
12 bears a notification that a false statement is punishable under AS 11.56.210, certifies
13 that the person

14 (A) meets the eligibility requirements of this section and
15 AS 38.14.040;

16 (B) understands that the state or a political subdivision of the
17 state is not required to provide on-site schools for the land to be acquired and
18 that the person may not require the state to provide on-site schools;

19 (C) understands that the state is not required to construct or
20 maintain roads to the land to be acquired and that the person may not require
21 the state to construct or maintain roads to the land to be acquired; and

22 (D) will take good care of the property and the environment to
23 the best of the person's ability.

24 **Sec. 38.14.040. Maximum entitlement to purchases.** During the person's
25 lifetime, a person may purchase a cumulative maximum of 160 acres from the state
26 under this chapter.

27 **Sec. 38.14.050. Selection of land for sale.** (a) Within 180 days after the
28 effective date of this Act, the department shall select not less than 200,000 acres of
29 state land that the department has previously identified for disposal and included in the
30 land disposal bank and offer that land for sale at public auction as provided in
31 AS 38.14.060. Each 180 days thereafter the department shall select an additional

1 200,000 acres from the land disposal bank until all of the land in the land disposal
2 bank has been selected and offered for sale.

3 (b) After all the land in the land disposal bank has been offered for sale under
4 (a) of this section, the department shall annually select for each subsequent fiscal year
5 for sale not less than 400,000 acres of additional state land. The land selected may
6 be sold by public auction under AS 38.14.060 or by designation of the land as open
7 to entry under AS 38.14.070.

8 **Sec. 38.14.060. Sale of land by public auction.** (a) Except for land
9 designated as open to entry, land selected for sale shall be sold by public auction.
10 Except as provided in AS 38.14.070 and except for parcels of less than 40 acres that
11 had already been surveyed by the state on the effective date of this Act, the land
12 selected for sale by public auction shall be in parcels of not less than 40 acres nor
13 more than 160 acres, more or less. The commissioner shall determine the time and
14 place of the auction. An auction sale may be held in a community near the land to be
15 sold. The commissioner shall allow the auction to occur by electronic means and may
16 also allow the submission of prior written bids. Upon payment in full of the purchase
17 price and the security required by AS 38.14.140 by cash, certified check, or money
18 order, and the completion of the survey required under AS 38.14.130, a successful
19 bidder at the auction shall receive fee simple title to the land. A minimum bid of not
20 less than \$100 an acre shall be required by the department for purchase at public
21 auction.

22 (b) The land offered for sale under this section may be offered based upon an
23 aliquot parts description. The state is not required to provide a survey by a licensed
24 surveyor. If the state provides a survey, the state may require the purchaser to
25 reimburse the state for the survey.

26 (c) A parcel of land offered for sale at public auction under (a) of this section
27 that is not sold at the auction may be purchased by a person eligible to purchase land
28 under AS 38.14.030 after the auction for not less than \$100 an acre.

29 **Sec. 38.14.070. Open to entry land sales.** (a) A person eligible to purchase
30 land under AS 38.14.030 may purchase land that is selected for sale and designated
31 by the department as open to entry.

1 (b) To purchase land under this section, a prospective purchaser shall
2 personally stake the exterior boundaries of the land in accordance with the regulations
3 adopted by the department. If the land designated as open to entry has been
4 previously surveyed by the department, a prospective purchaser may stake a parcel of
5 land that does not exceed 160 acres. If the land has not been previously surveyed by
6 the department, a prospective purchaser may stake a parcel of land that does not
7 exceed 80 acres. A prospective purchaser may not stake within 100 yards of private
8 land or previously staked land. The parcel of land staked may not include usable
9 waterfront in excess of one-third of the total exterior boundary of the parcel. The
10 parcel of land staked shall be compact in form with its length not exceeding
11 approximately four times its width unless the commissioner finds that the land use,
12 terrain, or effect of the form on access to it and other parcels requires another form.
13 Not later than 15 days after selection and staking the exterior boundaries of land, the
14 prospective purchaser shall file a sketch plat with the department which shows the
15 location of the land and shall pay a deposit to the department of \$100 an acre. The
16 department shall determine the fair market value of the land and shall notify the
17 prospective purchaser. The fair market value may not be less than \$100 an acre.
18 Upon payment in full of the purchase price and the security required by AS 38.14.140
19 by cash, certified check, or money order, and the completion of the survey required
20 under AS 38.14.130, the purchaser shall receive fee simple title to the land.

21 **Sec. 38.14.083. Purchase by installments; void sales.** (a) The department
22 shall offer a purchaser of land under AS 38.14.060 or 38.14.070 the option of paying
23 the purchase price in full at the time of purchase or on terms with payment of the
24 balance of the purchase price over the next 15 years at an annual interest rate of not
25 more than six percent.

26 (b) A purchase of land under this chapter that is made in violation of
27 AS 38.14.030 or 38.14.040 is void as of the date of sale and does not give the
28 purchaser, a subsequent purchaser, a lessee, a devisee, or other person a right to the
29 land, an interest in the land, or the return of the purchase price paid to the state for the
30 land.

31 **Sec. 38.14.090. Schools.** The state, a municipality, or a rural educational

1 attendance area does not have a duty to provide on-site schools for a parcel of land
2 purchased by a person under this chapter.

3 **Sec. 38.14.100. Rights-of-way and easements.** The state shall retain a 100-
4 foot right-of-way along each section line of land sold under this chapter and shall
5 reserve other rights-of-way and easements as are necessary to reach and use public
6 water and public and private land. The state shall identify the reservations under this
7 section at the time of a sale under this chapter.

8 **Sec. 38.14.110. Roads; acquisition by state.** (a) The state does not have a
9 duty to construct or maintain roads to a parcel of land purchased by a person under
10 this chapter. A person acquiring land by purchase under this chapter may construct
11 a road from an existing state or municipal road to the land if the proposed route is
12 approved by the department or a municipality and the road is constructed to standards
13 set by the Department of Transportation and Public Facilities.

14 (b) A road constructed by a person who purchases land under this chapter that
15 is built on the state's section line right-of-way is open to the public and the purchaser
16 of the land may not exclude the public from its use.

17 (c) A road constructed by a person who purchases land under this chapter
18 becomes a public road, without compensation to the builder of the road, if the state or
19 a municipality agrees to accept the road and undertake responsibility for the
20 maintenance of the road.

21 **Sec. 38.14.120. Applicability of municipal zoning laws.** Except as otherwise
22 provided in this chapter, land disposed of by sale under this chapter is subject to
23 municipal zoning laws and regulations.

24 **Sec. 38.14.130. Surveys.** (a) Unless the state provided a survey at the time
25 of purchase, a person who acquires land by purchase under this chapter may not
26 receive fee simple title to the land until the person has the land surveyed at the
27 person's expense and provides a copy of that survey to the state without charge. The
28 survey shall be conducted as provided in regulations adopted by the department.

29 (b) To assist persons in completing surveys under this section, the state shall
30 ensure that at least one monument exists within five miles of each parcel of land
31 offered for sale under this chapter.

1 **Sec. 38.14.140. Security deposit.** A person who purchases land under this
2 chapter shall at the time of the purchase pay to the state a nonrefundable security
3 deposit in the amount of 10 percent of the purchase price to ensure the person's
4 compliance with the requirements of this chapter and other laws. The payment of this
5 security deposit does not immunize the person from liability for violations of this
6 chapter or other laws nor limit the ability or authority of the state to require
7 compliance with and to enforce the laws of the state. The department may, without
8 process of any kind, expend the deposit to cover costs incurred by the state, damage
9 to the land, or a diminution in the value of the land caused by the person's violation
10 of the requirements of this chapter or other laws. The department shall refund the
11 deposit to the person after the person pays the purchase price in full to the state.

12 **Sec. 38.14.150. Additional terms and conditions.** The department may not
13 impose terms and conditions in excess of those provided in this chapter or by the state
14 constitution.

15 **Sec. 38.14.200. Aerial mapping.** To aid persons in making purchase choices
16 under this chapter, the state shall provide aerial maps of state lands and plats drawn
17 by the use of the global positioning satellite system that identify the parcels available
18 for purchase under this chapter. The state may charge a fee for the maps and plats
19 sufficient to cover the state's cost for reproducing the maps and plats.

20 **Sec. 38.14.300. Definitions.** In this chapter,

- 21 (1) "commissioner" means the commissioner of natural resources;
22 (2) "department" means the Department of Natural Resources;
23 (3) "land disposal bank" means the state land disposal bank established
24 under AS 38.04.020.

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. SB108

Revision Date: 2-Mar-98 Dept Affected: Natural Resources
 Title: "An Act relating to the Disposal of State Land by Lottery". BRU: Management and Administration
 Component: Information Resource Management
 Sponsor: Senator Taylor
 Requestor: (S)RES Component Serial No. 427

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY99	FY00	FY01	FY02	FY03	FY04
PERSONAL SERVICES	140.0	75.0	75.0	75.0	75.0	75.0
TRAVEL						
CONTRACTUAL	3.0	3.0	3.0	3.0	3.0	3.0
SUPPLIES	8.0	2.0	2.0	2.0	2.0	2.0
EQUIPMENT	8.0					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	159.0	80.0	80.0	80.0	80.0	80.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY99	FY00	FY01	FY02	FY03	FY04
1002 Federal Receipts						
1003 GF Match						
1004 GF	159.0	80.0	80.0	80.0	80.0	80.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	159.0	80.0	80.0	80.0	80.0	80.0

Estimate of any current year (FY98) cost: \$ None

POSITIONS

POSITIONS	FY99	FY00	FY01	FY02	FY03	FY04
FULL-TIME	1.0	1.0	1.0	1.0	1.0	1.0
PART-TIME	1.0	1.0	1.0	1.0	1.0	1.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS:

(Attach a separate page if necessary)

SB 108 requires DNR to dispose of 1,000,000 acres per year and randomly assign winners of a lottery to parcels of land. The lottery will include all applicants for the permanent fund dividend who are eligible to be included in the lottery every 6 years. This bill will require programming to track the eligible applicants from the permanent fund dividend list. The Land Status GIS system (status plats) will require notation of the applications, relinquishments and patents to the graphic record. A new case type and transactions will need to be developed for the Land Administration System (LAS). This program would be ongoing and require additional labor every year. Initial costs for one full-time programmer and 1 part-time cartographic position to create an Automated Land Platting System, develop new case types and transactions in the LAS will be approximately \$140.0. The cost for one computer with software package and license for the cartographer will be \$19.0 for the first year. Subsequent year funding of \$80.0 would provide database programming and computerized mapping support to note disposals and surveys on status plats.

Prepared by: Carol Carroll, Director Phone: 465-4730
 Division: Support Services Date: 2-Mar-98
 Approved by Commissioner: *Carol Carroll* Date: 3/2/98
 Agency: Natural Resources

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

BILL NO. SB108

Revision Date: _____ Dept Affected: Natural Resources
 Title: "An Act relating to the Disposal of State Land by Lottery". BRU: Management and Administration
 Component: Information Resource Management
 Sponsor: Senator Taylor
 Requestor: (S)RES Component Serial No. 427

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY98	FY99	FY00	FY01	FY02	FY03
PERSONAL SERVICES	70.0	10.0	10.0	10.0	10.0	10.0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	70.0	10.0	10.0	10.0	10.0	10.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	70.0	10.0	10.0	10.0	10.0	10.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	70.0	10.0	10.0	10.0	10.0	10.0

Estimate of any current year (FY97) cost: \$ None

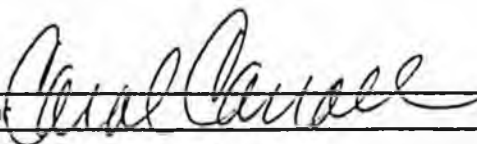
POSITIONS

FULL-TIME	1.0	0.0	0.0	0.0	0.0	0.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS:

(Attach a separate page if necessary)

SB 108 requires DNR to dispose of 1,000,000 acres per year and randomly assign winners of a lottery to parcels of land. The lottery will include all applicants for the permanent fund dividend who are eligible to be included in the lottery every 6 years. This bill will require programming to track the eligible applicants from the permanent fund dividend list. The Land Status GIS system (status plats) will require notation of the applications, relinquishments and patents to the graphic record. A new case type and transactions will need to be developed for the Land Administration System (LAS). This program would be ongoing and require additional labor every year. Costs for one programmer to create an Automated Land Platting System, develop new case types and transactions in the LAS will be \$70.0. Subsequent year funding of \$10.0 would be an increment to our operating budget for cartographic staff to note disposals and surveys.



Prepared by: Carol Carroll, Director Phone: 465-4730
 Division: Support Services Date: 20-Mar-97
 Approved by Commissioner: Carol Carroll Sr Date: 3/20/97
 Agency: Natural Resources

FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

BILL NO. SB108

Revision Date: _____ Dept Affected: Natural Resources
 Title: An Act relating to the disposal of state land BRU: Resource Development
by lottery Component: Land Development
 Sponsor: TAYLOR
 Requestor: RES Component Serial No. 431

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY98	FY99	FY00	FY01	FY02	FY03
PERSONAL SERVICES	3,589.5	3,589.5	3,589.5	3,589.5	3,589.5	3,589.5
TRAVEL	27.5	27.5	27.5	27.5	27.5	27.5
CONTRACTUAL	276.0	276.0	276.0	276.0	276.0	276.0
SUPPLIES	63.5	63.5	63.5	63.5	63.5	63.5
EQUIPMENT	83.8	83.8	83.8	83.8	83.8	83.8
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	4,040.3	4,040.3	4,040.3	4,040.3	4,040.3	4,040.3
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	4,040.3	4,040.3	4,040.3	4,040.3	4,040.3	4,040.3
1037 GF/Mental Health						
Other						
TOTAL	4,040.3	4,040.3	4,040.3	4,040.3	4,040.3	4,040.3

Estimate of any current year (FY97) cost: \$ None

POSITIONS

FULL-TIME	67.0	67.0	67.0	67.0	67.0	67.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS: (Attach a separate page if necessary)

This program will require huge staff resources to administer and track, with no return to the state. It will be a major drain on the operating budget, with long term costs to provide state and municipal services. While the land is offered for free, there are considerable administrative costs associated with this program: First, the parcels need to be identified (assuming 25,000 parcels at a median size of 40 acres): all the parcels need to be checked to ensure suitability (slopes, soils, swamps, rockfall & avalanche hazards, etc), checked for any third party interests (mining claims, municipal selections, etc.), and checked to make sure access is protected both to the parcels, and to adjacent public lands and waters. Also, all parcels need to be mapped and described legally. Second, the public notice would have to be given statewide, and the lottery itself would be conducted, with 600,000 applicants and 25,000 winners. (continued on following page)

Prepared by: Jane Angvik, Director *[Signature]* Phone: 269-8503
 Division: Land Date: _____
 Approved by Commissioner: *[Signature]* Date: 3/20/97
 Agency: Natural Resources

Analysis on SB108 continued...

Third, the 25,000 winners would have to be tracked to ensure they comply with the deadlines for proving they are qualified, and for completing their survey. All the surveys would have to be reviewed and approved by staff. Finally, patents would have to be prepared and issued for all successful applicants. The operating costs to accomplish these tasks would be immense.

Other potential costs to the state include loss of revenue to the University and Mental Health Trust due to depressed land values resulting from dumping so much 'free' land on the market. Also, fire management costs would escalate, as would costs to municipalities and the state to provide services. Some municipalities would also lose potential revenue because settlement-suitable land would be disposed of rather than used to fulfill municipal entitlements (approximately 640,000 acres are still owed to municipalities).

The program will have a tremendously high default rate as it awards random parcels to random PFD applicants, with no regard to the public's demand for land. Much of the state's land is in remote areas. Accessible and developable land is largely in private, municipal, or ANCSA Corporation ownership. By awarding remote parcels of state land at random to all PFD applicants, many people who do not want to acquire any land, or who do not have the resources to survey the land, will be awarded parcels. The default rate will be extremely high. Many people who win parcels in remote areas will not likely follow through with the survey, as the survey costs may well exceed the value of the parcel, and access is often prohibitively expensive.

Financial analysis includes parcel identification, suitability and hazard determinations, title services, delineation of reservations, identifying access, mapping, preparing mineral closing orders, public notice, conducting the lottery, record keeping, survey review, and patent issuance. Analysis assumes 25,000 parcels offered each year, with 5,000 going forward to patent. Identifying & preparing parcels for disposal requires 3 Natural Resource Manager I's, 14 Natural Resource Officer II's, 9 Natural Resource Officer I's, 5 Natural Resource Technician II's, and 2.5 Cartographer II's. Title services will require 8.5 Natural Resource Officer II's and 5 Natural Resource Officer I's. Survey reviews will require 10 Land Surveyor I's. Contract administration (patent issuance) will require 8 Natural Resource Manager I's. Computer mapping and database management will require 2 Analyst Programmer III's.

LEGAL SERVICES

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

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FAX (907) 465-2029
Mail Stop 3101


130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

March 18, 1997

SUBJECT: Sectional Summary of CSSB 108(). (Work Order No. 20-LS0353\H)

TO: Senator Robin Taylor
Attn: Terry Otness

FROM: Gerald P. Luckhaupt 
Legislative Counsel

You have requested a sectional summary of the above-described bill. As a preliminary matter, please note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill - the bill itself is the best statement of its contents.

Section 1 of the bill provides findings.

Section 2 of the bill is the statutory "meat" of the bill. It creates a new chapter in AS 38.

AS 38.14.010 - creates the Alaska Land Lottery among all the applicants for the permanent fund dividend; winners of the lottery receive an interest in a particular parcel of land that is convertible into fee simple title.

AS 38.14.020 - provides that disposals of land under the land lottery do not convey mineral or resource rights or historic, prehistoric, and archaeological resources.

AS 38.14.030 - provides that only individuals receiving a permanent fund dividend can actually be awarded an interest in land under AS 38.14.

AS 38.14.040 - provides procedures for the Department of Natural Resources to select 1,000,000 acres each year to be awarded in the lottery.

AS 38.14.050 - provides that the state does not have a duty to provide on-site schools for land disposed of under AS 38.14.

AS 38.14.060 - provides for the retention of rights-of-way and easements by the state.

AS 38.14.070 - provides that the state does not have a duty to construct roads to land disposed of under AS 38.14 and provides procedures for roads constructed by private parties.

AS 38.14.080 - provides that the Alaska coastal management program does not apply to land disposed of under AS 38.14.

AS 38.14.090 - identifies particular types of state land that may not be selected by DNR for disposal under AS 38.14.

AS 38.14.100 - requires a person receiving an interest in land under AS 38.14 to survey the land and mark its location on the ground within three years.

Senator Robin Taylor
March 19, 1997
Page 2

AS 38.14.110 - prohibits land subject to existing leases and claims from being offered for disposal under AS 38.14.

AS 38.14.120 - provides that a person receiving an interest in land under AS 38.14 is not liable for contamination of the soil and water occurring before the person's receipt of the land.

AS 38.14.130 - restricts DNR from imposing additional terms and conditions.

AS 38.14.140 - provides penalties and enforcement mechanisms against persons who receive interests or land under AS 38.14 who aren't eligible.

AS 38.14.200 - provides definitions.

Section 3 of the bill amends AS 43.23 to require the Department of Revenue to place land lottery application notices and information on the permanent fund dividend application.

Section 4 of the bill requires the Department of Revenue to notify winners of the Alaska Land Lottery when they issue dividend checks.

Section 5 of the bill requires the Department of Revenue to cooperate with the Department of Natural Resources with implementation of the land lottery program.

GPL:glc
97-194.glc

Ms. Norma
PO Box 72365

Lucas

Support 389-2724

Date POM Sent	Constituency	Bill Number	Response	Subject	Distribution Affiliation	Reg Voter
03/04/97	N	SB 108			60	Y

PLEASE PASS THIS YEAR, SENATOR ROBIN TAYLOR'S BILL PROPOSING GIVING AWAY A MILLION ACRES OF ALASKA LAND EACH YEAR TO PRIVATE CITIZENS. I WOULD LIKE YOU TO STAND UNIFIED AND OVERRIDE A GOVERNOR'S VETO IF NECESSARY.

SUPPORT

LIBRARY COPY

MAR 24 1997

Katya Kirsch
P.O. Box 521
Haines, Alaska 99827

March 24, 1997

Senator Rick Halford and Senate Resources Committee
Alaska State Senate

Dear Senator Halford and Members of the Senate Resources Committee:

SB 108, which would give away 1 million acres of state land by lottery every year, needs to die immediately.

It is well demonstrated by the agony of the Mental Health Lands Trust settlement that there are not 1 million acres of state land to give away even one time. Every Alaskan community has special uses of areas nearby; giving away public lands into private ownership will lock-out Alaskans from fishing, hunting, recreational activities, and other public uses.

Please vote no on SB108.

Sincerely,



Katya Kirsch



Alaska Environmental Lobby, Inc.

P.O. Box 22151 Juneau, Alaska 99802

Phone: 907-463-3366

Fax: 907-463-3312

Twentieth Legislature - First Session

SB 108: "An act relating to the disposal of state land by lottery."

All Alaskans currently enjoy the benefits of using approximately 105 million acres of state land on which we pursue subsistence, recreational, and commercial activities. Senator Taylor's SB 108 would create an unnecessary, expensive, time- and staff-intensive giveaway program that would result in diminished opportunities for the majority of Alaskans to share the riches of our natural resources. The Alaska Environmental Lobby is opposed to this bill for the following reasons:

• **State lands are held in trust by our state government for all Alaskans.** The public trust doctrine, including the legislature's fiduciary responsibilities under this doctrine, is a revered tradition in Alaska's history. Provisions in this bill run counter to the affirmative duty of the legislature to consider the ramifications of their actions when they dispose of state land:

a) Proposed Sec. 38.14.040 (b) exempts the selection of lands under this act from the planning, classification, and disposal safeguards of AS 38.04 and AS 38.05. These safeguards were developed after considerable public participation and represent years of land use planning.

b) This same proposed section only partially addresses the mandate of Article VIII, Section 10 of the state constitution to provide prior public notice, yet it fails to assure Alaskans that other safeguards of the public interest will be met, as also proscribed by Art. VIII, Section 10.

c) Proposed Sec. 38.14.080 exempts the selected lands from the requirements of complying with the Alaska Coastal Management Program (ACMP). Many Alaskans living and working in our coastal areas are ardent supporters of the ACMP because it gives them the tools to responsibly manage development within their own communities. This exemption from ACMP is an affront to all the Alaskans who work with the state agencies to insure that the safeguards necessary for the responsible stewardship of state resources are observed. These safeguards should not be suspended simply because land is transferred into private hands.

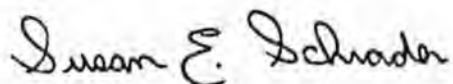
OVER



- **Opportunities for disposal of state land are already in place,** having been developed as part of the state's comprehensive public land planning process. DNR's ability to get state land into private ownership has been greatly hampered by repeated budget cutting by the legislature. If adequate funding is provided, DNR's programs, together with the private sector real estate market, should offer ample opportunity for Alaskans to obtain and develop land.

- **This costly giveaway program is not fiscally responsible.** At a time when the legislature is cutting agencies' budgets to the bare bones, it makes little sense to initiate an expensive program with goals that could be met just as effectively if existing programs were adequately funded. It is ironic that we Alaskans who value our independence so highly and hold a particularly strong distrust for government bureaucracy are being asked to support a costly giveaway of our jointly-held resources for the slim hope of winning a "free lunch" site.

The Alaska Constitution, our statutes, and case law all have clearly established that the state government, including the legislature, must act wisely on behalf of all Alaskans as trustees of our resources. Alaskans expect our legislators to exercise their power for the public good, not for the benefit of private individuals. The public good of Alaskans is not served by the intent of SB 108 that would lock up public land in private ownership through the implementation of a program that suspends the public process and exempts certain land owners from the reasonable safeguards Alaskans have endorsed for land management.



Susan E. Schrader, Executive Director
3/26/97

Henry T. Munson
P.O. Box 3391
Seward, Alaska 99664

4 March 1997

The Honorable Robin Taylor
Alaska State Legislature
State Capitol
Juneau, Alaska 99801

RECEIVED
MAR 6 1997

RE: Private ownership of state land.

Dear Sir:

Ans'd.....

I recently read in the newspaper where you are proposing a bill to place state land into private ownership. I wholeheartedly support your idea.

I came to Alaska 26 years ago to homestead under the Federal Law. Unfortunately that was closed down by ANCSA, and while it opened again briefly (for one day) in 1972, I was in the wrong place due to misinformation supplied by BLM.


I looked into the Delta Project but found the state retained ownership of the land and could evict the "tenants" under that program and take back the land, paying only for improvements. A lifetime is a large investment for such a risk.

Years later I would look into the Point McKenzie project only to come to a similar conclusion. The requirements were not realistic and obviously not set by anyone who has ever carved a farm out of wilderness. I have helped do just that. I spent the first 30 years of my life farming and or ranching. So far what I have seen of so called "agricultural" projects set up by the state in Alaska only amount to hoaxes perpetrated upon would be farmers.

I also chased many a state portrayed rainbow, land give-away-wise, only to find that the state was looking for suckers to spend \$50,000, plus, getting initial surveys on worthless land in the area of prime land reserved to the state so the state could come in and take off the sucker's initial survey and survey its prime land at a fraction of the cost.

The state needs an honest land transfer program for some quality land that can be developed for agricultural purposes. Recreation sites are fine too (small parcels), but some honest agricultural land transfer/homestead programs that don't involve million dollar investments and require unrealistic production quotas are also needed.

Incidentally, through years of trying to get some decent agricultural land, I became well acquainted with some insiders in the state and federal programs. They confirmed the state's goal of suckers to pay for expensive initial surveys and the planned undesirable quality of state land "given" away. I hope you can get an honest and decent land disposal program bill passed. Good luck!


Henry T. Munson

Discussion Topic:

- ▶ Public Land Disposals

Goals:

- ▶ Increase Private Ownership of Land
- ▶ Decrease DNR Budget Demands
- ▶ Alleviate Impact of Reduced Municipal Revenue Sharing

Solutions:

- ▶ Increase Municipal Entitlement with Quota (disposal) Requirements
- ▶ Privatize Title, Collections and Land Sale Operations of DNR
- ▶ Transfer Economic Development Projects to Boroughs/Municipalities
- ▶ Base DNR Funding on Land Sale Receipts



MATANUSKA-SUSITNA BOROUGH

350 East Dahlia Avenue, Palmer, Alaska 99645-6488

Phone 745-4801 • Fax 745-9876

LAND MANAGEMENT DIVISION

APPRAISAL INSTRUCTIONS

**SAMPLE
APPRAISAL
INSTRUCTIONS**

January 22, 1997

The Matanuska-Susitna Borough requests a complete appraisal for the following property:

Lot 1, Block 1, South Big Lake Alaska Subdivision

The property interest being appraised is the fee simple unimproved estate.

The purpose of the appraisal is to establish a fair market value for which the Borough will sell the property.

The report should be a summary report. Please show all comparable sales and listings used in the analysis accompanied with a vicinity map indicating their locations.

Please give a value for cash and a value for terms.

Lot 1 has approximately 137.00 feet of lakefront on Big Lake.

The parcel will be classified by the borough assembly as "general purpose lands."

The parcel has physical access from South Big Lake Road.

A slope maintenance and clear zone easement for South Big Lake Road does affect the property (see attached easement).

The area is served by power, telephone, and road maintenance.

The property will be conveyed subject to the following:

1. a public access easement fifty feet (50') in width upland from the ordinary high water mark of Big Lake.
2. all conditions, restrictions, easements, rights-of-way, and covenants of record.

The effective date of the appraisal is May 1, 1997.

The borough must be provided with two copies of the appraisal.

The buyer is asking for appraisal instructions to be issued before Assembly approval. The MSB reserves the right to request that the applicant provide an update to this appraisal should closing not take place before July 1, 1997.

**MATANUSKA-SUSITNA BOROUGH QUALIFIED APPRAISERS LIST
RESULTS FOR BID #97-44**

Before ordering, the Purchaser shall verify with the appraiser that all these documents are valid and current: Alaska Business License, Real Estate Appraisers Certificate, Matanuska-Susitna Borough Business License, and any and all taxes and obligations due to the borough.

BUSINESS NAME; APPRAISERS NAME; ADDRESS; TELEPHONE; FACSIMILE	Unimproved lots and tracts: residential, homesite, recreational	Unimproved lots and tracts: remote parcels	Unimproved lots and tracts: multiple uses- possibly commercial-industrial	Agricultural Rights	Mineral Rights	Right-of-Way	Timber	Grazing	Other
Black-Smith & Richards, Inc. Diane Black-Smith, MAI 2602 Fairbanks Street Anchorage, Alaska 99503 Telephone: 907-274-4654 Facsimile: 907-274-0889	X	X	X	X	X	X			
E. Chilton Hines, Inc. E. Chilton Hines, MAI 1107 Joyce Drive Fairbanks, Alaska 99701 Telephone: 907-452-1222 Facsimile: 907-452-1445		X	X	X		X		X	
ckson & Associates Robert C. Erickson, MAI, SRA 880 'N' Street, Suite 302 Anchorage, Alaska 99501 Telephone: 907-274-8691 Facsimile: 907-272-9392	X	X	X						

BUSINESS NAME; APPRAISERS NAME; ADDRESS; TELEPHONE; FACSIMILE	Unimproved lots and tracts: residential, homesite, recreational	Unimproved lots and tracts: remote parcels	Unimproved lots and tracts: multiple uses- possibly commercial- industrial	Agricultural Rights	Mineral Rights	Right- of- Way	Timber	Grazing	Other
Follett & Associates Richard H. Follett, MAI Eric Follett, MAI 4241 'B' Street, Suite 305 Anchorage, Alaska 99503 Telephone: 907-562-4279 Facsimile: 907-562-4279	X	X	X		X	X			Industrial, farms, office buildings, shopping centers, warehouses, gasoline stations, churches
MacSwain Associates Steve MacSwain, MAI 4154 Apollo Drive Anchorage, Alaska 99504 Telephone: 907-561-1965 Facsimile: 907-561-1955	X	X	X	X	X	X	X	X	Environmental Contamination; Land issues
Alan G. Olson - Real Estate Appraiser Alan G. Olson, MAI 2701 Aspen Drive Anchorage, Alaska 99517- 3250 Telephone: 907-243-6609 Facsimile: 907-243-0277	X	X	X	X	X	X	X	X	Tidelands tracts
R & R Appraisal Services Stephen DeMars 500 N. Main St. Suite E Wasilla, Alaska 99654 Telephone: 907-376-6945 Facsimile: 907-376-4501	X	X	X			X			

BUSINESS NAME; APPRAISERS NAME; ADDRESS; TELEPHONE; FACSIMILE	Unimproved lots and tracts: residential, homesite, recreational	Unimproved lots and tracts: remote parcels	Unimproved lots and tracts: multiple uses- possibly commercial- industrial	Agricultural Rights	Mineral Flights	Right- of- Way	Timber	Grazing	Other
RESCO Real Estate Services Franklin M. King Jr., MAI Jerry L. Smith 903 W. Northern Lts Blvd Ste 200 Anchorage, Alaska 99503 Telephone: 907-274-7636 Facsimile: 907-274-7639	X	X	X	X	X	X			
Richter & Stone Rick Richter, MAI 3040 Lake Shore Drive Anchorage, Alaska 99517 Telephone: 907-248-1499 Facsimile: 907-248-3310	X	X	X	X		X			Commercial & industrial improved and unimproved property
Statewide Appraisal Vince Coan 2970 Cottle Loop (Office) P.O. Box 873944 (Mail) Wasilla, Alaska 99687-3944 Telephone: 907-373-6426 Facsimile: 907-373-0887	X	X	X	X		X			Leases & Rates
Tracy & Associates Rob Tracy 291 E. Swanson Ave. Suite 200 Wasilia, Alaska 99654 Telephone: 907-376-5943 Facsimile: 907-376-4848	X								

BUSINESS NAME; APPRAISERS NAME; ADDRESS; TELEPHONE; FACSIMILE	Unimproved lots and tracts: residential, homesite, recreational	Unimproved lots and tracts: remote parcels	Unimproved lots and tracts: multiple uses- possibly commercial- industrial	Agricultural Rights	Mineral Rights	Right- of- Way	Timber	Grazing	Other
Valley Appraisal & Analysis Robert G. Ameen, MAI 271 Park Avenue Wasilla, Alaska 99654 Telephone: 907-373-4044 Facsimile: 907-376-4838	X	X	X	X		X	X	X	Partial interest - lease hold

**LAND MANAGEMENT DIVISION
POLICY AND PROCEDURE MANUAL**

REAL PROPERTY DISPOSALS: Real Estate Brokers		
Chapter 23	Section 05.030(E)(9)	Date: 9/20/94

- 1.1 Authority: 23.05.030(E)(9)
- 2.1 Definitions: A real estate broker is currently licensed by the state of Alaska as a real estate broker in accordance with Alaska state law, as defined under AS 8.88.171.
- 2.2 A real estate sales agent is currently licensed by the state of Alaska in accordance with Alaska state law, as defined under AS 8.88.171, as a real estate sales person, is employed by and operates under the direction and authority of a real estate broker.
- 2.3 Listing agreement means an exclusive right to sell contract between the borough and a real estate broker to dispose of specified borough real properties during a specified period.
- 2.4 Professional services agreement (PSA) means a contract specifying the services to be performed by a broker having a listing agreement with the borough and the method of compensation for those services.
- 3.1 The services of real estate brokers may be used for the disposal of borough property but the borough may not contract with brokers for the acquisition of borough property. All professional services will be coordinated through the borough purchasing division, pursuant to MSB 3.08.260 and 3.08.300.
- 3.2 Annually, borough purchasing will publish a request for information from real estate brokers and provide interested brokers an information packet.
- 3.3 Brokers may register, with the borough purchasing department, their interest in submitting purchase agreements for prospective purchasers of borough property.
- 3.4 Registered brokers will be mailed notices of all properties selected to be sold through real estate brokers. Registered brokers may request sales packets, to include but not limited to property specifications, real estate

commission, legal description, map, and appropriate purchase agreement forms, sales price and terms, the scheduled bid opening date and time for each property offered for sale, and the procedure for presenting offers to purchase borough property.

- 3.5 Registered brokers will bring completed purchase or lease agreements, signed by the prospective buyer or lessee, to borough purchasing on or before the scheduled bid opening date and time.
- 4.1 Land management division may request broker services through a listing agreement to dispose of one or more parcels of borough real property. A request for proposal shall provide a scope of services, the evaluation criteria, broker's insurance requirements, and the parcel(s) with legal description(s).
- (a) Proposals will be evaluated by a review committee selected by borough purchasing.
 - (b) The selected broker will sign a professional services agreement (PSA) and a listing agreement. The PSA will also identify any forms, contracts, or procedures which the broker agrees to use in providing services specified by the agreement.
 - (c) The PSA will specify compensation as either a negotiated percentage of the sales price of by a fixed payment schedule per parcel.
 - (d) Land management division will provide maps and property specifications and monitor performance on the listing agreement with the selected broker(s).
- 5.1 Payment for broker services is approved by the land management officer and due after the property purchase/lease transaction has closed and been recorded.

HOW TO SUBMIT APPLICATIONS
REAL ESTATE BROKER PROGRAM, 1996

Applications must be received at the Matanuska-Susitna Borough Purchasing Division, 350 East Dahlia Avenue, Palmer, Alaska 99645 no earlier than 10:00 a.m. September 30, 1996 or no later than 3:00 p.m. January 27, 1997. To submit more than one application, each application must be submitted in a separate sealed envelope(s) clearly labeled with the following information:

1996 Over-the-Counter Land Sale Program
PROJECT #97-39

Forms A, B, C, and financial information forms may be reproduced to provide enough forms for the appropriate number of parcel applications. Each application must be submitted on the Application Form (Form "A") provided. Each Application Form and the completed Applicant Qualification Statement (Form "B") must be submitted by a qualified Real Estate Broker (Broker) or his/her licensed agent or associate broker with the Broker's acknowledgement that an amount equal to five percent (5%) of the price offered for each parcel is held in the Broker's trust account. **BROKERS SHOULD NOT SEND ANY DEPOSITS WITH THE SALE DOCUMENTS.**

In addition to the Application Form, Applicant Qualification Statement and Application Deposit, Brokers shall be responsible to read Applicant Qualifications (beginning on page 2) in this sale brochure to determine if the Broker, representing the applicant(s), is required to submit additional documentation or statements with their application(s). Responsibility for submission of all application documents shall be solely those of the Broker. Failure to submit additional required documentation will be cause for rejection of any application by the Matanuska-Susitna Borough. Deposits will be held and applied according to the terms and conditions disclosed in this sale brochure for successful applications and back-up applications.

Comments concerning this Invitation to Purchase must be made in writing, no later than October 10, 1996. Comments based on omissions, errors, or content of this document, may be disallowed if not made in writing and received at the borough address given below by October 10, 1996. Address all comments to: Purchasing Officer, Matanuska-Susitna Borough, 350 East Dahlia Avenue, Palmer, Alaska 99645.

The Matanuska-Susitna Borough is not obligated to sell the parcels identified for sale through this program, nor pay any costs incurred by parties participating in the submission or preparation of applications. The Matanuska-Susitna Borough reserves the right to: 1) reject any and all applications; 2) reject any and all parties whom it has determined do not meet the qualification requirements or do not possess the financial ability to repay the amount being financed under Option B; 3) accept an application without further discussion; 4) waive any informality in the applications received; 5) accept that application which will be in the best interest of the borough; and 6) withdraw any parcel from this offering at any time for any reason.

Matanuska-Susitna Borough
(MSB)

OVER-THE-COUNTER BOROUGH LAND SALE
REAL ESTATE BROKER PROGRAM
Project #97-39

Over-the-Counter Sale - Sale of 42 parcels of borough-owned land will be conducted by the Matanuska-Susitna Borough (MSB) on a first-come basis. Applications shall be submitted only by a qualified real estate broker (Broker) or a licensed sales agent of the Broker and must be received no earlier than 10:00 a.m. September 30, 1996 and no later than 3:00 p.m. January 27, 1997, at the Matanuska-Susitna Borough Purchasing Division, 350 East Dahlia Avenue, Palmer, Alaska 99645. Applications received after the designated date and time will not be considered. Applications may be delivered to the MSB by other than the real estate Broker or licensed sales agent.

Parcel Locations - The following properties listed in the 1996 Real Estate Broker Sale Project #97-39 sales brochure are available for purchase in accordance with the terms and conditions of the Brokers Over-the-Counter Sale: Parcels 1, 2, 5 through 28, 30, 31, and 33 through 46. All other parcels in the sales brochure received bids on the Broker Sealed Bid Sale and are not available.

Sale Price - The sale price for each parcel is disclosed on the parcel listing of this sales brochure. The sale price has been established for each parcel in accordance with MSB 23.10.060 (A) and 23.05.005 (A)(17).

Failing to Perform on Any Application as the Successful Applicant - MSB code provides that applicants who do not pay a deposit or fail to perform under a contract involving borough land in the previous five (5) years will not be a qualified applicant. It shall be the sole responsibility of the applicant when submitting an application on one or more parcels to perform under the terms and conditions of the offering when an applicant is named the successful buyer. Failure to perform will result in the applicant being disqualified from this and future MSB land sales for a period of five (5) years.

Applicant Qualifications - All applicants must submit applications through a qualified broker. All applicants are required to complete the Applicant Qualification Statement (Form "B") included in the sale brochure. If an applicant represents a company, copies of the company's state and MSB business licenses must be provided with the Application Form. If an applicant represents another individual or entity, including a partnership, corporation, association, trust or estate, proof of authority to sign on behalf of the principal(s) must be provided with the Application Form.

Broker Qualifications - Real estate brokers who have satisfactorily responded to and remain in compliance with the requirements contained within the MSB Request for Letters of Interest, Proposal #96-76 shall be eligible to participate in this program. Real estate brokers who have

not submitted the documentation required by the Request for Letters of Interest Proposal must also include that documentation to be eligible to participate in the Real Estate Broker Program.

Agents and Associate Brokers - Real Estate agents and associate brokers submitting offers through their qualified broker must also meet the annual filing criteria which can be submitted when an application is submitted. The annual filing documents are the same as those required in the Matanuska-Susitna Borough Request for Letters of Interest Proposal #97-39 and consist of:

1. a current license issued by the state of Alaska as a real estate agent or associate broker in accordance with Alaska State law, as defined under AS 8.88.171;
2. current business licenses issued by the state of Alaska and the MSB;
3. qualification statement, Attached as Form "D".

NOTE: ANY APPLICANT, BROKER OR LICENSED REAL ESTATE AGENT ENTITLED TO A SALES COMMISSION WHO IS AN EMPLOYEE, ELECTED OFFICIAL, APPOINTED OFFICER, PAID OR UNPAID MEMBER OF BOARDS, COMMISSIONS, OR COMMITTEES OF THE MATANUSKA-SUSITNA BOROUGH OR AN IMMEDIATE FAMILY MEMBER OF SUCH AN INDIVIDUAL IS ALSO REQUIRED TO COMPLETE THE NON-COLLUSION STATEMENT (FORM "C") INCLUDED IN THE SALE BROCHURE, AND TO FILE WITH THE MSB CLERK'S OFFICE A FINANCIAL DISCLOSURE AND CONFLICT OF INTEREST STATEMENT. THE MATANUSKA-SUSITNA BOROUGH RESERVES THE RIGHT TO REFUSE ANY APPLICATION WHICH HAS THE POTENTIAL FOR CONFLICT OF INTEREST OR COLLUSION OF PARTIES DETERMINED TO HAVE PARTICIPATED IN THE SELECTION, CLASSIFICATION, VALUATION, OR APPLICATION PROCESS OF THE PARCELS INCLUDED IN THIS SALE.

Terms and Conditions of Sale:

1. ALL INTERESTED PARTIES ARE URGED TO INSPECT EACH PARCEL BEFORE SUBMITTING AN APPLICATION. MSB ASSUMES NO LIABILITY FOR MATTERS WHICH WOULD HAVE BEEN DISCLOSED BY AN INSPECTION OF THE PROPERTY.
2. A application deposit of five percent (5%) of the purchase price must be submitted to the Broker and deposited in the Broker's trust account. **BROKERS SHALL NOT SUBMIT THE DEPOSIT WITH THE APPLICATION FORM.** If a applicant offers to purchase more than one parcel, separate applications must be submitted for each parcel in well marked and separate envelopes. For multiple applications from one applicant the application deposits submitted to the Broker shall equal five percent of the total amount of all applications. Note: See Page 5, paragraph 6 for additional deposit requirements to be paid by the successful applicant.
3. Applications must be submitted on the Application Form supplied, (reproduction is allowed for additional forms as required) according to the terms and conditions of this sale, and must be received no earlier than 10:00 a.m. September 30, 1996 and no later than 3:00 p.m. January 27, 1997, at the Matanuska-Susitna Borough, Purchasing Division, 350 East Dahlia Avenue, Palmer, Alaska 99645. Brokers submitting the

application(s) on behalf of applicant(s) are responsible for ensuring that their application(s) are received by MSB on the required date and time. Any application not submitted through a qualified Broker will be automatically rejected.

4. Brokers must indicate on the Application Form the financial option selected to close the transaction. There are two financial options available for an application exceeding \$2,000. All applications up to \$2,000 must be Option A "All Cash."

Option A. "All Cash": The applicant(s) will pay in cash, at closing, the balance of the purchase price [the deposit held in the Broker's trust account and the acceptance of application deposit held by the MSB minus the purchase price] plus closing costs.

Option B. "Terms": The applicant(s) will pay, in cash, the down payment indicated on the application form [at least ten percent (10%) of the purchase price] plus closing costs. The balance will be financed by the MSB. The applicant(s) shall execute a deed of trust and note, secured by the property sold, in favor of the MSB. The note for initial principal amounts up to \$10,000 will be payable in 60 equal monthly payments all at a rate of 9.5% per annum and for initial principal amounts exceeding \$10,000 will be payable in 120 equal monthly payments, all at a rate of 9.5% per annum. [The application deposit held in the Broker's trust account and the application deposit held by the MSB will be credited to the purchase price.]

Brokers must insure that applicant(s) using the financing option provide, with the application packet, information to verify their financial ability to repay the amount financed. **If the sale is to be financed by the borough the Broker shall include within the application packet the following completed and signed forms provided by the borough: Authorization to Release Employment Information (Form F), Confidential Income and Expense Summary (Form G) and Mortgage Report Request Form (Form H).** Additionally, a separate check in the amount of \$95.00 per individual applicant name or married couple, made out to the Credit Bureau of Alaska, must be submitted with the mortgage report request form. The financial review of a successful applicant requesting borough financing may not be limited to an examination of credit history, disclosure of other debt obligations, and a statement of income. Additional pertinent information must be provided to the MSB upon request. Place forms F, G, H and the credit report check in a separate sealed envelope labeled with Buyer's name and Parcel # and staple to Form A.

5. If an application is accepted in writing by the Matanuska-Susitna Borough as the successful application, the Broker so notified must within ten (10) business days of receipt of written notification properly complete, acquire the applicant(s) signatures(s), and return the purchase agreement document provided by the MSB. AND submit to the Matanuska-Susitna Borough an additional five percent (5%) of the purchase price in the form of a U.S. Postal Money Order or certified or cashier's check or bank draft. This five percent deposit shall be in addition to the application deposit submitted to the Broker which the Broker shall continue to hold in a Broker's trust account until the purchase is completed or otherwise terminated. The MSB will direct all correspondence through the Broker. Packages returned by mail and postmarked within ten (10) business

days will be considered timely. The purchase agreement will be included in the notification of application acceptance package.

6. Once the purchase agreement is fully signed the MSB will notify Brokers to refund all deposits from unsuccessful applicants for that parcel. Refunds shall be made through the Broker to the applicant. The successful applicant's application deposits will be retained in the Broker's trust account and by the MSB until the transaction closes or otherwise terminates.

The MSB may require Brokers to retain up to three back-up applications on any parcel receiving more than one application. A Broker will be notified by the MSB whether a back-up application should be held. Back-up applications shall be held by Brokers up to sixty (60) days following MSB signing the purchase agreement. In the event a successful applicant fails to properly complete, sign and return the purchase agreement under the terms required by this invitation, the acceptance of the application will be cancelled by MSB. The next highest back-up applicant will be notified in the same manner as the initial applicant and will become the new successful applicant. This process will continue until such time as the MSB has obtained an executed purchase agreement under the terms required by this invitation or no back-up applications remain. The process may continue beyond the sixty (60) days provided a back-up applicant gives written notice through their Broker to the MSB that the Broker will continue holding the application deposit in the Broker's trust account until such time as a purchase agreement is entered into or all back-up applications are exhausted. A broker representing a successful or back-up applicant shall also be required to retain in the broker's trust account the initial 5% application deposit until such time as a purchase agreement is entered into or all back-up applications are exhausted.

The MSB will not pay interest on any application deposits held for any reason.

7. In the event a Broker or a successful applicant fails to: a) properly complete, acquire the necessary applicant(s) signatures(s), and return the purchase agreement document; or b) meet any and all terms and conditions contained in this invitation; up to \$300 of monies deposited may be requested by the MSB as an application deposit forfeiture.
8. In the event the Broker and successful applicant properly completes, signs, returns the purchase agreement document and the additional five percent (5%) application deposit, and then fails to meet any and all terms and conditions contained in the purchase agreement, up to \$500 of monies deposited may be retained by MSB as an agreement deposit forfeiture; EXCEPT, if the MSB determines the successful applicant does not possess the financial ability to repay the amount being financed under Option B, the purchase agreement shall be terminated and monies collected as a deposit shall be refunded to the applicant. The applicant in any event, shall remain responsible for any costs incurred as a result of participation in the sale. Such costs and fees required to participate in the sale, such as credit report fees or escrow cancellation fees, remaining unpaid at the time of termination of the agreement may be paid by MSB from the monies held as a deposit and the balance shall be refunded to the applicant. The MSB shall not

be responsible for paying from deposit monies it holds any expenses resulting from agreements to which the MSB was not a party.

If a successful applicant withdraws from the purchase agreement prior to closing, a request must be made in writing to the MSB accompanied by a Rescission of Purchase Agreement signed by the Buyer, (Form E). The right to execute the rescission shall rest entirely with the MSB. No real estate commission will be paid on a transaction that does not close and record.

9. The purchaser shall be responsible for paying all closing costs which may include, but are not limited to: recording fees, mortgage/credit report, document preparation fees, escrow closing fee, mortgagee's title insurance policy if sale is financed by MSB, escrow collection fees (set up and annual fee), or other fees associated with the processing and financial option selected.
10. All parcels shall be conveyed by quitclaim deed, subject to the following. a) reservations, exceptions, easements, rights-of-way, covenants, conditions and restrictions of record or created by operation of law; b) those additional reservations, exceptions, easements, rights-of-way, covenants, conditions and restrictions, indicated in the sale brochure for specific parcels (ADDITIONAL CONDITIONS OF SALE), which will be created at the time of the conveyance from the MSB to the successful applicant; c) governmental regulations including but not limited to, setbacks, use classifications or zoning, special permit requirements; d) any matters including, but not limited to, existing trails or encroachments, which would be disclosed to the buyer by actual inspection or survey of the property. The statements noted as "Comments" for each parcel are not intended to be a report on the status of title of the parcel, but only note items which may be of interest to purchasers.
11. A real estate commission shall be paid to the Broker of the successful buyer only after the transaction has closed and recorded. There will be no agency agreement between the Broker and the MSB. The fee paid to the Broker as sales commission will be five percent (5%) of the sale price, and shall represent full and complete compensation to the Broker. Funds for the commission paid the Broker shall be taken out of the deposit held by the Broker after the recording and under no circumstances shall any fees paid exceed the net proceeds to the MSB upon the closing of the transaction.
12. The MSB will provide a policy of title insurance to the buyer as the insured, which indicates the condition of title subject to matters stated in paragraph 10 above. In the event the MSB cannot provide a policy with such conditions of title within 120 days of execution of the purchase agreement, the buyer or the MSB may elect to terminate the purchase contract, and all monies on deposit will be refunded to the buyer. No real estate commission will be paid on transactions that do not close for any reason.
13. The MSB makes no warranties, either expressed or implied, nor assumes any liability whatsoever, regarding the social, economic, or environmental aspects of any parcels, to include without limitation, the soil conditions, water drainage, practical or feasible physical access, availability of personal use wood supplies now or in the future, or