



# LAWS OF ALASKA

1981

**Source**

SCS CSHB 31(Fin) am S (am FCC)

**Chapter No.**

113

**AN ACT**

Relating to the management, disposal, and use of state and municipal land; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1, LINE 10

UNDERLINED MATERIAL INDICATES TEXT THAT IS BEING ADDED TO THE LAW AND BRACKETED MATERIAL IN CAPITAL LETTERS INDICATES DELETIONS FROM THE LAW; COMPLETELY NEW TEXT OR MATERIAL REPEALED AND RE-ENACTED IS IDENTIFIED IN THE INTRODUCTORY LINE OF EACH BILL SECTION.

Approved by the Governor: July 26, 1981  
Actual Effective Date: July 27, 1981

AN ACT

Relating to the management, disposal, and use of state and municipal land; and providing for an effective date.

\* Section 1. AS 29.18.204(c) is amended to read:

(c) Land may be selected or nominated for selection by a municipality to satisfy a general grant land entitlement under AS 29.18.201 and 29.18.202 at any time before October 1, 1980. However, if a municipal selection or nomination or a part of a municipal selection or nomination is rejected by the director, the municipality may, not later than 90 days after receipt of the director's rejection, select additional state land as necessary to satisfy its entitlement.

\* Sec. 2. AS 29.33.150(b) is amended to read:

(b) The regulations adopted under (a) of this section apply to subdivision plats of undeveloped state land for disposal under AS 38.05 or AS 38.08 filed with the platting board. The [ , EXCEPT THAT THE] platting board may not disapprove the subdivision plat on the basis of [OR ADOPT] regulations which require [THE STATE TO CONSTRUCT ACCESS ROADS OR] capital improvements on or to state land included in the subdivision plat. Regulations adopted after the platting board is notified by the commissioner of natural resources of a proposed sale of subdivided state land under AS 38.05 or AS 38.08 do not apply to the state land in the proposed sale.

\* Sec. 3. AS 29.33.150 is amended by adding new subsections to read:

Chapter 113

(c) The platting board must approve and sign the subdivision plat within 60 days of its receipt from the commissioner of natural resources unless the platting board

(1) determines that the plat does not comply with subdivision regulations other than those requiring capital improvements to state land; and

(2) notifies the commissioner of each determination of non-compliance within the 60-day period established in this subsection.

(d) The commissioner of natural resources may withdraw the subdivision plat and amend it in response to the determination of non-compliance by the platting board under (c) of this section. The platting board shall respond within 30 days to the amendment or response from the commissioner of natural resources.

(e) Notwithstanding any other provision of law, the provisions of (b) - (f) of this section apply to all disposals of land under AS 38.05 and AS 38.08.

(f) Nothing in this section relieves the Department of Natural Resources of its obligation to provide legal access to the subdivision.

(g) As used in this section, "capital improvements" includes but is not limited to access roads, other physical improvements, and their design and engineering.

\* Sec. 4. AS 38.04.020 is repealed and reenacted to read:

Sec. 38.04.020. LAND DISPOSAL BANK. (a) The commissioner shall establish a land disposal bank containing state land classified for disposal into private ownership.

(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 29.18.201 - 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 38.05.300. Land within a municipality retained in state ownership consists of land classified for retention in state ownership as of December 31, 1980. Land outside a municipality to be retained in state ownership consists of land classified for retention in state ownership by the commissioner by July 1, 1983. 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 for retention in state ownership or selected by the 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.

(d) On January 15 of each year, the commissioner shall report to the legislature on the status of land in the land disposal bank under the following categories:

- (1) land suitable for remote parcel disposal;
- (2) land suitable for subdivision disposal;
- (3) land suitable for agricultural, commercial, or industrial disposal; and
- (4) land suitable for other purposes.

Chapter 113

1 (e) The commissioner shall annually submit to the governor an  
2 appropriation request necessary for the disposal of state land in the  
3 land disposal bank that shall be included in the budget submitted to  
4 the legislature by the governor. For each fiscal year, the request  
5 shall include an estimate of the amount necessary

6 (1) for survey and disposal of land proposed to be made  
7 available for remote parcel staking, with the general location of the  
8 land;

9 (2) for survey and disposal of land to be offered as agri-  
10 cultural, commercial, industrial, or other uses under AS 38.05.055 or  
11 38.05.057, with the general location of the land;

12 (3) for the survey and disposal of land proposed to be  
13 offered as subdivisions, with the general location of the land;

14 (4) for preliminary feasibility studies, engineering design  
15 work, and construction of access roads and capital improvements required  
16 by municipal subdivision ordinance or regulation of the platting board  
17 under AS 29.33.150; if an accurate determination of the amounts neces-  
18 sary for access roads or capital improvements cannot be made at the  
19 time the estimate is submitted, a schedule for obtaining the estimates,  
20 constructing the access roads or capital improvements, and disposing of  
21 the land shall be submitted;

22 (5) for identification of land that will be proposed for  
23 disposal under this subsection in future fiscal years.

24 (f) The request of the commissioner under (e) of this section  
25 shall be based on an annual written assessment by the commissioner of  
26 the market for state land in the different regions of the state. If  
27 the state land is in or adjacent to municipalities or unincorporated  
28 communities, the assessment shall be developed in consultation with the  
29 municipalities or unincorporated communities. The assessment must

include a survey of the supply of privately owned land offered for sale, municipal land for which a disposal plan has been completed, and federal land available for sale, lease, or permit for specific activities. The assessment of the market for state land shall be based on an analysis of the amount of private, municipal, and federal land available for disposal on terms equivalent to those used in comparable state land disposal programs and shall include the length of time land remains on the market before it is sold. The assessment must include findings regarding the amount and general location of state land, in addition to land offered by private landowners or available from a municipal government or the federal government, that is necessary to meet the statewide demand for at least five fiscal years immediately after the year in which the assessment is made. The assessment must also state the general location of land proposed for disposal in the next fiscal year and recommendations for the method of disposal under which the land will be offered to the public.

(g) After July 1 of each year, the commissioner shall direct the expenditure of money appropriated for the disposal of land in response to requests made under (f) of this section for the following:

(1) Land designated as suitable for remote parcel disposal shall be classified and surveyed under this chapter and AS 38.05 and made available for staking and lease under AS 38.05.077.

(2) Land designated as suitable for subdivision disposal shall be surveyed, subdivided, classified, and disposed of as follows:

(A) up to 80 percent of the parcels shall be sold under the lottery sale procedures established in AS 38.05.057 and 38.05.065;

Chapter 113

(B) at least 10 percent of the parcels shall be disposed of as homesites under AS 38.08; and

(C) at least an additional 10 percent of the parcels shall be disposed of as homesites under AS 38.08 except that, notwithstanding AS 38.08.040(b), parcels offered under this subparagraph shall be offered by lottery under AS 38.05.057.

(3) Land designated agricultural, commercial, industrial, or suitable for other disposal shall be sold under AS 38.05.055 or 38.05.057.

(h) Individual parcels disposed of in subdivisions may not exceed five acres unless the commissioner determines that a larger size is necessary to comply with zoning ordinances or to permit the design of a viable subdivision because of topographical features, soil conditions, on-site sewage disposal requirements, or water drainage or supply considerations that are unique to the subdivision.

(i) Nothing in this section prevents the disposal of other land by the commissioner in accordance with AS 38.05.055, 38.05.057, 38.05.070, the issuance of remote cabin permits under AS 38.05.079, AS 38.08, or other law.

(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 notice under AS 38.05.345. The commissioner shall make a written determination within six months after receipt of a nomination if he determines that 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 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. 5. AS 38.04 is amended by adding a new section to read:

Sec. 38.04.021. DISPOSAL OF MUNICIPAL GRANT LAND ENTITLEMENTS.

(a) A municipality may apply for financial assistance for the execution of a land disposal program of general grant land entitlements received from the state under AS 29.18.201 - 29.18.213 by submitting a request to the commissioner for inclusion in the estimate submitted to the legislature under AS 38.04.020(e). A municipality may request financial assistance for expenses of surveying land, designing subdivision plats, installing improvements required by municipal ordinance or regulation of the local platting board, and other reasonable direct costs of land disposal.

(b) A request by a municipality under this section must be accompanied by

(1) a schedule for the disposal of municipal land for the next five years; the schedule shall be based on an assessment of the demand for private land within the municipality and included in the assessment submitted under AS 38.04.020(f);

(2) an estimate of the number of acres of municipal land that the municipality plans to dispose of during each fiscal year of the five-year period;

(3) a description of the methods to be used for the disposal of municipal land and the terms under which it will be offered to the public; and

Chapter 113

(4) a description of the municipal land that the municipality plans to dispose of each fiscal year during the five-year period.

(c) The commissioner shall determine that a request by a municipality meets the requirements of this section before it is submitted to the legislature. The commissioner shall administer money appropriated by the legislature for financial assistance to a municipality under this section. Money spent under this section constitutes a grant unless otherwise provided by the legislature.

(d) A grant made under this section may not exceed five times the amount of money appropriated by a first class city, a borough, or a municipality unified under AS 29.68.240 - 29.68.440 for the disposal of municipal land in the current fiscal year unless the commissioner exempts the municipality from this subsection.

(e) A grant made under this section may not exceed seven times the amount of money appropriated in the current fiscal year for disposal of municipal land by

(1) a second class city; or

(2) a first class city, a borough, or a municipality unified under AS 29.68.240 - 29.68.440 which is exempted by the commissioner under (d) of this section.

\* Sec. 6. AS 38.04.040 is amended to read:

Sec. 38.04.040. AVAILABILITY OF [SCHOOL LAND AND] UNIVERSITY LAND. University [SCHOOL LAND AND UNIVERSITY] land may be made available at fair market value for private use under the purposes of this chapter; however, any action to do so shall be in accordance with statutes pertaining to these lands and the authority of [THE BOARD OF EDUCATION AND] the Board of Regents of the University of Alaska.

\* Sec. 7. AS 38.04.055 is amended to read:

Sec. 38.04.055. ACCESS THROUGH PRIVATE USE AREAS. The director

shall reserve easements and rights-of-way on and across land which is made available for private use as necessary to reach or use public water and public and private land. An easement or right-of-way reserved under this section may include established trails traditionally used for commerce, recreation, or transportation.

\* Sec. 8. AS 38.04.065(d) is amended to read:

(d) Official regional or area plans and subsequent amendments adopted by the commissioner after public and local governmental participation shall be signed and dated by the commissioner. After adoption of an official regional or area plan, land [LAND] classifications shall be made in accordance with these official plans.

\* Sec. 9. AS 38.05.035(a)(14) is amended to read:

(14) when he makes a written finding that the interests of the state will be best served, he may, with the consent of the commissioner, approve contracts for the sale, lease, or other disposal of available lands, resources, property or interests in them, and, in addition to the conditions and limitations imposed by law, he may impose additional conditions or limitations in the contracts as he, with the consent of the commissioner, determines will best serve the interests of the state; and no contract for the sale, lease, or other disposal of available lands or interests in them, is legally binding on the state until the commissioner formally records his consent to the contract; but if the appraised value is not greater than \$50,000 [\$10,000] in the case of the sale of land or an interest in land, or \$5,000 [\$1,000] in the case of the annual rental of land or interest in land, the director may approve and issue the contract without the consent or approval of the commissioner; the [. THE] written finding shall be available to the public upon request; before [. BEFORE] a public hearing, if held, or in any case no less than 21 days before the sale, lease, or other

Chapter 113

1 disposal of available land, property, resources, or interests in them,  
2 the director shall make available to the public a written decision in  
3 which he sets out the facts and applicable law upon which he based his  
4 determination that the sale, lease, or other disposal will best serve  
5 the interests of the state; a written finding is not required before  
6 the approval of

7 (A) a contract for a negotiated sale authorized by  
8 AS 38.05.115;

9 (B) the lease of land for a shore fishery site under  
10 AS 38.05.082;

11 (C) a permit or other authorization revocable by the  
12 department.

13 \* Sec. 10. AS 38.05.035(b)(3) is amended to read:

14 (3) grant a preference right to a claimant who shows bona  
15 fide improvement of state land, or federal land subsequently acquired  
16 by the state, and who has in good faith sought to obtain title to the  
17 land but who, through error or omission of others, has been denied  
18 title to it; upon a showing satisfactory to the commissioner, the  
19 claimant may lease or purchase the land at the price set on the date of  
20 original entry on the land or, if a price was not set at that time at a  
21 price determined by the division to fairly represent the value of  
22 unimproved land at the time the claim was established, but in no event  
23 less than the cost of administration including survey; the error or  
24 omission of a predecessor in interest or an agent, administrator, or  
25 executor which has clearly prejudiced the claimant may be the basis for  
26 granting a preference right;

27 \* Sec. 11. AS 38.05.035(b)(5) is amended to read:

28 (5) when he determines it is in the best interest of the  
29 state and will avoid injustice to a person or his heirs or devisees,

dispose of land, by direct negotiation to that person who presently uses and who used and made improvements to that land before January 3, 1959 or his heirs or devisees; the amount paid for the land shall be its fair market value on the date that the person first entered the land [AS OF THAT DATE], as determined by the director; a parcel of land disposed of under this paragraph shall be of a size consistent with the person's prior use, but may not exceed five acres;

\* Sec. 12. AS 38.05.035(b) is amended by adding new paragraphs to read:

(7) dispose to an adjoining landowner a parcel of land created by a highway right-of-way alignment or realignment, or a parcel created by the vacation of a state-owned right-of-way if

(A) he determines that it is in the best interests of the state;

(B) the parcel does not exceed the minimum lot size under an applicable zoning code; and

(C) the director and the platting authority having land use planning jurisdiction agree that conveyance of the parcel to the adjoining landowner will result in boundaries that are convenient for the use of the land by the landowner and compatible with municipal land use plans;

(8) for good cause extend for up to 90 days the time for rental or installment payments by a lessee or purchaser of state land under this chapter if reasonable penalties and interest set by the director are paid.

\* Sec. 13. AS 38.05.035 is amended by adding new subsections to read:

(c) A parcel of land may be conveyed under (b) of this section without classification or reclassification under AS 38.05.300.

(d) A parcel described in (b)(7) of this section must be sold at its fair market value as determined by the director on the basis of an

Chapter 113

1 appraisal completed as provided in AS 38.05.310. Nothing in this  
2 subsection prevents the sale of land under AS 38.05.055 or 38.05.057 to  
3 a person not qualifying as an adjoining landowner if the adjoining  
4 landowner declines to purchase the land.

5 \* Sec. 14. AS 38.05.050 is repealed and reenacted to read:

6 Sec. 38.05.050. DETERMINATIONS BEFORE DISPOSAL OF LAND FOR  
7 PRIVATE OWNERSHIP. The commissioner, upon the recommendation of the  
8 director, shall determine the land to be disposed of for private use.  
9 The director shall determine the time and place of disposal. An  
10 auction sale, a lottery sale, or a disposal of land for homesites under  
11 AS 38.04.020(g)(2)(C) must be held in the municipality that is closest  
12 to the land to be sold or disposed of and in which regular sessions of  
13 a court of the state are held.

14 \* Sec. 15. AS 38.05.055 is amended to read:

15 Sec. 38.05.055. AUCTION SALE PROCEDURES. Unless another method  
16 of sale is required under this chapter, under AS 38.07, or under  
17 [EXCEPT AS PROVIDED IN AS 38.05.057, 38.05.315(d), AND] AS 38.08, the  
18 sale of state land shall be made at public auction to the highest  
19 qualified bidder as determined by the director. A bidder must appear  
20 in person at the auction unless medical reasons, attendance at school,  
21 or military service outside the state prevent attendance. A bidder  
22 may be represented by an attorney or agent at the auction if the land  
23 offered for disposal is commercial, industrial, or agricultural land.  
24 An aggrieved bidder may appeal to the commissioner within five days  
25 after the sale for a review of the director's determination. The sale  
26 shall be conducted by the director or his representative, and at the  
27 time of sale the successful bidder shall deposit an amount equal to  
28 five percent [ONE-TENTH] of the purchase price, or if the purchaser  
29 elects to use land discounts granted under AS 38.05.058, five percent

of the amount bid after deduction of the discount. The director or his representative shall immediately issue a receipt containing a description of the land or property purchased, the price bid, the amount deposited, and the amount of any discount allowed. The [TERMS OF SALE, WHICH] receipt shall be acknowledged in writing by the bidder. [A CONTRACT OF SALE ON A FORM APPROVED BY THE ATTORNEY GENERAL SHALL BE SIGNED BY THE PURCHASER AND, AFTER APPROVAL OF THE COMMISSIONER, THE CONTRACT SHALL ALSO BE SIGNED BY THE DIRECTOR ON BEHALF OF THE STATE.]

\* Sec. 16. AS 38.05.057(a) is amended to read:

(a) The commissioner may dispose of land, including land limited to use for agricultural purposes, by lottery. The purchase price of land sold by lottery shall be the fair market value of the land as determined by the commissioner [BUT MAY NOT BE LESS THAN \$400 PER ACRE, OR, IF THE LAND IS LIMITED TO USE FOR AGRICULTURAL PURPOSES, THE PURCHASE PRICE MAY NOT BE LESS THAN \$100 PER ACRE]. The commissioner may sell land by lottery for less than the fair market value of the land if he determines that scarcity of land for private use in the area of the land to be sold has resulted in unrealistic land values. Before the commissioner determines the purchase price for land which is located in a municipality and which is to be sold under this section, he shall consult with the assessor of the municipality. The lottery shall be conducted in public by the commissioner or his representative and an applicant may not be selected to purchase land unless he is present on the date and at the place that the lottery is conducted unless medical reasons, attendance at school, or military service outside the state prevent attendance. An applicant may be represented by an agent on the day of the lottery if the land offered for sale is commercial, industrial, or agricultural land. On [, AND AT] the day of the lottery [TIME OF SIGNING A CONTRACT OF SALE] a purchaser selected by lot shall

Chapter 113

1 deposit an amount equal to five percent of the purchase price, or if  
2 the purchaser elects to use land discounts granted under AS 38.05.058,  
3 five percent of the [DISCOUNT] purchase price after deduction of the  
4 discount.

5 \* Sec. 17. AS 38.05.065(a) is amended to read:

6 (a) The contract of sale for land sold at public auction under  
7 AS 38.05.055 shall require the remainder of the purchase price to be  
8 paid in monthly, quarterly or annual installments over a period of 20  
9 [10] years, with interest at the prevailing rate for real estate  
10 mortgage loans made by the federal land bank for the farm credit  
11 district for Alaska at the time the contract is signed. Installment  
12 payments plus interest shall be set on the level-payment basis.

13 \* Sec. 18. AS 38.05.065(b) is amended to read:

14 (b) The contract of sale for land sold under [THE PROCEDURES  
15 SPECIFIED IN] AS 38.05.057 and under AS 38.05.078 [(LOTTERY DISPOSALS)]  
16 shall require the remainder of the purchase price to be paid in monthly,  
17 quarterly, or annual installments over a period of not more than 20  
18 years. Installment payments plus interest shall be set on the level-  
19 payment basis. The interest rate to be charged on installment payments  
20 is the prevailing rate for real estate mortgage loans made by the  
21 federal land bank for the farm credit district for Alaska at the time  
22 the contract is signed.

23 \* Sec. 19. AS 38.05.067(d) is repealed and reenacted to read:

24 (d) In this section "veteran" means a person with 90 days or more  
25 of active service in the armed forces of the United States who has been  
26 honorably discharged.

27 \* Sec. 20. AS 38.05.067(e) is amended to read:

28 (e) This section does not apply to the sale of state land under  
29 AS 38.04.020(g)(2) [AS 38.05.047(f)], AS 38.05.077, and 38.05.078.

\* Sec. 21. AS 38.05.070(b) is amended to read:

(b) The director, with the approval of the commissioner, shall determine the land to be leased and the limitations, conditions and terms of the lease. If the appraised value of the transaction is \$250 a year or less the director may negotiate a lease without advertisement for a period not to exceed five years, and on the limitations, conditions and terms which he considered are in the best interests of the state. A lease negotiated under this subsection is not eligible for a preference under AS 38.05.102.

\* Sec. 22. AS 38.05.077(a) is repealed and reenacted to read:

(a) The commissioner shall designate remote parcel selection areas and shall dispose of remote parcels in accordance with AS 38.04.-20. The commissioner may set the number of remote parcels that may be selected in each remote parcel selection area. A remote parcel may not exceed 40 acres.

\* Sec. 23. AS 38.05.077(c) is amended to read:

(c) A person who qualifies under (g) of this section may apply [UNDER THE PROCEDURES SET OUT IN AS 38.05.057] to lease a remote parcel in a parcel selection area designated by the commissioner under (a) of this section if he has staked the exterior boundaries of the remote parcel in accordance with the parcel selection procedures established under (b) of this section during an entry period established by the commissioner. A [EACH] person [WHO IS ENTITLED TO SELECT A REMOTE PARCEL] may enter a remote parcel selection [THE] area [FOR WHICH HE APPLIED] to stake the boundaries of a remote parcel. A person shall stake a remote parcel in person and may not be represented by an attorney or agent.

\* Sec. 24. AS 38.05.077(d) is amended to read:

(d) Not later than 15 days after [SELECTION AND] staking the

Chapter 113

1 exterior boundaries of a remote parcel, the person who staked [SELECTED]  
2 the parcel shall file a sketch plat with the department which shows the  
3 location of the remote parcel [AND THE LOCATION OF THE LAND IN THE  
4 PARCEL THAT HE INTENDS TO USE FOR RESIDENTIAL PURPOSES]. At the time  
5 of filing the sketch plat, the person who staked [SELECTED] the parcel  
6 shall apply to lease the land. An application to lease the land shall  
7 be on a standard form prepared by the department. The annual rental  
8 payment for the first year of the lease shall be submitted to the  
9 department with the application. After the application to lease a  
10 remote parcel is approved, the commissioner shall offer to lease the  
11 land to the person who staked [SELECTED] the remote parcel. A lease  
12 granted under this section shall contain the following terms:

13 (1) a remote parcel may be leased for five years;

14 (2) a remote parcel lease may be renewed at the option of  
15 the lessee for a second five-year period under the same terms as pro-  
16 vided for the first five-year period of the remote parcel lease; [AND]

17 (3) a rental payment shall be paid annually and shall be  
18 \$10 for each acre; [\$150 A YEAR FOR FIVE ACRES OR LESS PLUS \$50 FOR  
19 EACH ACRE BY WHICH THE REMOTE PARCEL EXCEEDS FIVE ACRES.]

20 (4) unless the land is surveyed, the lessee shall, within  
21 one year of approval of the lease application and continuously for the  
22 lease period, physically delineate the boundaries of the parcel by  
23 brushing a line so that they are readily visible from the ground.

24 \* Sec. 25. AS 38.05.077 is amended by adding a new subsection to read:

25 (g) To qualify to lease a remote parcel under this section, a  
26 person shall

27 (1) at the time of application be 18 years of age or older;

28 (2) submit proof as required by regulation that he has been  
29 a resident of the state for not less than one year immediately preced-

ing the date his application was submitted; and

(3) certify that he has not previously leased a remote parcel from the state within eight years immediately preceding the date of staking a remote parcel.

\* Sec. 26. AS 38.05.078(a) is repealed and reenacted to read:

(a) A lessee of a remote parcel may purchase the land if, before expiration of the lease or a renewal of the lease, he surveys the land.

\* Sec. 27. AS 38.05.078(c) is repealed and reenacted to read:

(c) Upon payment to the commissioner of an amount equal to five percent of the fair market value, a lessee of a remote parcel may purchase land in a remote parcel area under the terms specified in AS 38.05.065. The purchase price shall be the fair market value of the remote parcel as determined by the commissioner at the time of lease.

\* Sec. 28. AS 38.05.078 is amended by adding new subsections to read:

(g) If a person stakes a remote parcel in good faith but includes land in his parcel that was previously claimed by another person eligible to stake a remote parcel, the director shall approve that part of the later staking that does not conflict with the earlier staking and allow the person to stake additional land in the remote parcel staking area.

(h) If a person stakes a remote parcel in good faith but includes land in his parcel that is outside the remote parcel staking area, the director shall either disapprove the staking of land outside the remote parcel staking area and allow the person to stake additional land in the remote parcel staking area or he may approve the staking of the land outside the remote parcel staking area.

\* Sec. 29. AS 38.05.095(b) is amended to read:

(b) A nonprofit organization that is exempted from paying rent on state land under AS 38.05.315 [AS 38.05.097] may not sublease or assign

Chapter 113

1 the land or a portion of it on which it has a lease.

2 \* Sec. 30. AS 38.05.097(a) is amended to read:

3 (a) A nonprofit organization using state land leased by it under  
4 AS 38.05.070 - 38.05.105 and 38.05.315 for a youth encampment or similar  
5 recreational purpose is exempt from lease rental payments on that land.  
6 The nonprofit organization shall meet all other terms and conditions of  
7 the lease specified under AS 38.05.070 - 38.05.105 and 38.05.315.

8 \* Sec. 31. AS 38.05.102 is amended to read:

9 Sec. 38.05.102. LESSEE PREFERENCE. If land within a leasehold  
10 created under AS 38.05.070 - 38.05.100 is offered for sale or long-term  
11 lease at the termination of the existing leasehold, the director may,  
12 if he finds that it is in the best interest of the state, allow the  
13 holder in good standing of that leasehold to purchase or lease the land  
14 for its appraised fair market value at the time of the sale or long-term  
15 lease [THE AMOUNT OF THE HIGH BID RECEIVED AT PUBLIC AUCTION].

16 \* Sec. 32. AS 38.05.127 is amended by adding a new subsection to read:

17 (d) Upon application by a municipality or an affected owner of  
18 land, the department may vacate, release, modify, or relocate an ease-  
19 ment and right-of-way for public access to or along navigable or public  
20 waters reserved by the department in a patent issued under AS 29.18 if  
21 the commissioner determines the action is consistent with the public  
22 interest.

23 \* Sec. 33. AS 38.05 is amended by adding a new section to read:

24 Sec. 38.05.301. LAND DISPOSAL IN THE UNORGANIZED BOROUGH. Before  
25 a sale, lease under AS 38.05.070 - 38.05.105, or other disposal of  
26 state land in the unorganized borough, the commissioner shall consider  
27 the effect that the sale, lease, or other disposal may be expected to  
28 have on the density of the population in the vicinity of the land, and  
29 any potential for conflicts with the traditional uses of the land that

could result from the sale, lease, or disposal. If he finds it necessary, the commissioner shall develop a plan to resolve or mitigate the conflicts in a manner consistent with the public interest and the provisions of this chapter.

\* Sec. 34. AS 38.05.315(b) is amended to read:

(b) Notwithstanding AS 38.05.070 - 38.05.080 and [,] 38.05.095, [AND AS 38.05.100] the director, upon application filed by an applicant eligible under (b) - (d) of this section, may, by negotiation and without public auction in the manner prescribed in (b) - (d) of this section, lease state land for a term of not more than 55 years. Before leasing, the director shall prepare a land use plan and a land classification to insure that the proposed use is compatible with area utilization. Before the land may be leased under (b) - (d) of this section, it must be shown to the satisfaction of the director that the land is to be used for an established or definitely proposed project, and that the eligible applicant has the financial ability to carry out the project. The commissioner may establish limitations on the acreage which may be leased under (b) - (d) of this section to an applicant.

\* Sec. 35. AS 38.05.315(d) is amended to read:

(d) The director may lease the land to an eligible applicant at a reasonable annual rental, taking into consideration the purposes for which the land is to be used and the financial resources of the applicant. The [, BUT IN NO CASE MAY THE] rental may not be less than one percent of the fair market value on lands acquired primarily for development, or less than five percent of the fair market value on [SCHOOL,] university [, MENTAL HEALTH,] or acquired lands. Rent may not be charged for state land leased for a youth encampment. For the purposes of this subsection, "youth encampment" shall be defined by the commissioner by regulation. Renewal leases may be issued at the discretion

Chapter 113

1 of the director upon the expiration of a primary or renewal term. Each  
2 lease shall contain a provision for its termination as to all or part  
3 of the lands upon a finding by the director that the land or a part of  
4 it has not been used by the lessee for the purpose specified in the  
5 lease for a period of two years. No lease may be assigned or subleased  
6 except with the consent of the director, and in any case may only be  
7 transferred to an applicant eligible under (b) - (d) of this section.  
8 A lessee may not change the use specified in the lease to another or  
9 additional use except with the consent of the director. If, at any  
10 time after the land is leased, the lessee attempts to assign the lease  
11 or transfer control over the land to another, or if the land is devoted  
12 to a use other than that for which the land was leased without the  
13 consent of the director, the lease automatically terminates.

14 \* Sec. 36. AS 38.05.345 is repealed and reenacted to read:

15 Sec. 38.05.345. NOTICE. (a) This section establishes the re-  
16 quirements for notice given by the department for the following actions:

17 (1) classification or reclassification of state land under  
18 AS 38.05.300 and the closing of land to mineral leasing or entry under  
19 AS 38.05.185;

20 (2) zoning of land under applicable law;

21 (3) a decision under AS 38.05.035(a)(14) regarding the sale,  
22 lease, or other disposal of an interest in state land or resources; and

23 (4) a competitive disposal of an interest in state land or  
24 resources after final decision under AS 38.05.035(a)(14).

25 (b) Notice of one or more actions described in (a) of this section  
26 shall be given at least 30 days before the action by (1) publication in  
27 newspapers of statewide circulation and in a newspaper of general  
28 circulation in the vicinity of the proposed action, (2) publication  
29 through public service announcements on the electronic media serving

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the area affected by the action, (3) posting in a conspicuous location in the vicinity of the action, (4) notification of parties known or likely to be affected by the action, or (5) another method calculated to reach affected persons. A notice shall contain sufficient information to inform the public of the nature of the action and the opportunity of the public to comment on the action.

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(c) Notice at least 30 days before action under (a) of this section shall also be given to the following:

(1) to a municipality if the land is within the boundaries of the municipality;

(2) to a regional corporation if the boundaries of the corporation as established by sec. 7(a) of the Alaska Native Claims Settlement Act encompass the land and the land is outside a municipality;

(3) to a village corporation organized under sec. 8(a) of the Alaska Native Claims Settlement Act if the land is within six miles of the village for which the corporation was established and the land is located outside a municipality;

(4) to the postmaster of a permanent settlement of more than 25 persons located within six miles of the land if the land is located outside a municipality, with a request that the notice be posted in a conspicuous location.

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(d) A municipality or a corporation entitled to receive notice under (c) of this section may hold a hearing within 30 days after receipt of the notice. If a hearing is held, the commissioner shall attend the hearing. The commissioner may hold a public hearing at his own discretion.

(e) For purposes of this section an "interest in state land or resources" does not include

Chapter 113

(1) a permit or other authorization revocable by the department; or

(2) negotiated sales under AS 38.05.115.

\* Sec. 37. AS 38.08.010(b) is amended to read:

(b) Land classified as homesite entry land shall be divided into parcels not exceeding five acres in reasonably compact form, with boundaries conforming as nearly as practicable to natural geologic and topographic features. A parcel may exceed five acres if the director determines that a larger parcel is necessary to

(1) comply with local zoning ordinances; or

(2) permit the design of a subdivision because of topographical features, soil conditions, on-site sewage disposal requirements, or water drainage or supply considerations unique to the subdivision.

\* Sec. 38. AS 38.08.060(a)(1) is amended to read:

(1) occupies the land for a cumulative total of 35 months within the seven-year [FIVE-YEAR] period following issuance of the homesite entry permit;

\* Sec. 39. AS 38.08.040(b) is amended to read:

(b) If the number of applicants qualified for homesite entry exceeds the number of available homesites offered, or if several applicants apply and qualify for the same homesite, priority in award of an entry permit shall be accorded to that applicant showing proof of the longest residency in the state. An applicant shall present his proof of residency to the department in a manner designated by the director.

\* Sec. 40. AS 38.95.080(c)(1) is amended to read:

(1) permits shall be issued for a period of not more than 10 [FIVE] years, with succeeding 10-year [FIVE-YEAR] renewal options, if continued use and occupancy is established, and the qualifications of (a) of this section continue to be met;

\* Sec. 41. AS 40.15.190(2) is amended to read:

(2) "subdivision"

(A) means the division of a tract or parcel of land into two or more lots, sites, or other divisions for the purpose, whether immediate or future, of sale or building development, and includes resubdivision and, when appropriate to the context, relates to the process of subdividing or to the land or areas subdivided;

(B) does not include cadastral plats, cadastral control plats, open-to-entry plats, or remote parcel plats created by or on behalf of the state regardless of whether these plats include easements or other public dedications.

\* Sec. 42. AS 41.17.020(a) is amended to read:

(a) The governor may [SHALL] establish, within the Department of Natural Resources, a division of forestry [FOREST, LAND, AND WATER MANAGEMENT] to carry out this chapter and other appropriate duties designated by the governor. The division shall be headed by a director who shall be the state forester, appointed to the partially exempt service in accordance with law by the commissioner, from a list of two or more candidates submitted by the board. The commissioner may reject all candidates, in which case the board shall submit a new list. The state forester shall be a natural resources land manager with generally accepted educational credentials, familiar and experienced with the renewable and nonrenewable resources and values of forest land and the products, benefits, and services obtained from them.

\* Sec. 43. Section 26, ch. 182, SLA 1978, is amended to read:

Sec. 26. A right of repurchase created by former AS 34.10.220 and existing on the effective date of this section may be exercised only if it is exercised under that statute before July 19, 1983 [WITHIN THREE

Chapter 113

1 YEARS FOLLOWING THE EFFECTIVE DATE OF THIS SECTION]. The Department  
2 of Natural Resources [DIVISION OF LANDS] shall publish notice of the  
3 expiration of [ALL] such repurchase rights in the manner provided by  
4 AS 38.05.345 before January 1, 1982, and before January 1, 1983, for  
5 repurchase rights on properties that were foreclosed upon and deeded to  
6 the Territory or State of Alaska under former AS 34.10.010 - 34.10.240  
7 or predecessor territorial acts [1979 AND AGAIN BEFORE JANUARY 1, 1980  
8 AND BEFORE JANUARY 1, 1981].

9 \* Sec. 44. Section 12, ch. 138, SLA 1977, as amended by sec. 21, ch. 182,  
10 SLA 1978, is amended to read:

11 Sec. 12. CONVERSION OF LEASES. The provisions of secs. 9 - 11 of  
12 this Act are applicable to state leases which are in existence on or  
13 before the effective date of this Act if a lessee under a lease elects,  
14 in writing, to be bound by this Act. When a lessee elects to be bound  
15 by the provisions of this Act, the state shall enter into an amended  
16 lease with the lessee for a term equal to the remaining period of the  
17 original lease which is being converted, and that amended lease shall  
18 be consistent with the provisions of this Act but shall not otherwise  
19 alter the terms of the original lease. However, for purposes of deter-  
20 mining the annual rent by the state, the fair market value of the  
21 property which is used to establish the fixed base annual rent for the  
22 initial period of the lease may not exceed the fair market value as it  
23 was last appraised on or before July 1, 1974 [JANUARY 1, 1975], brought  
24 forward to the date of the first day of the quarter following the date  
25 of a request for conversion at the rate of 10 percent a year, or, if  
26 the lease was entered into after July 1, 1974 [JANUARY 1, 1975], the  
27 fair market value used to establish the annual rent for the initial  
28 period of the new lease is the fair market value of the last appraisal  
29 brought forward to the date of the request for conversion at the rate

of 10 percent per year.

\* Sec. 45. AS 38.05.047, 38.05.077(b)(2), 38.05.078(b), and 38.05.305 are repealed.

\* Sec. 46. A person who selected a remote parcel or acquired a right to select a remote parcel before July 1, 1981, is entitled to convert his remote parcel lease agreement to a new lease agreement that contains terms and conditions consistent with AS 38.05.077(a) and (d), 38.05.078(a) and (c) and the repeal of AS 38.05.078(b) enacted in secs. 22, 24, 26, 27, and 45 of this Act. The director of the division of lands, Department of Natural Resources, shall prepare and distribute new lease forms to persons described in this section. The director shall apply rent paid in excess of the rental established in AS 38.05.077(d)(3) enacted in sec. 24 of this Act to rental payments coming due after July 1, 1981, or to the purchase of a remote parcel after July 1, 1981.

\* Sec. 47. A person who was granted a homesite entry permit before July 1, 1981, is entitled to a patent to the land if the person satisfies the conditions imposed

- (1) in the homesite entry permit; or
- (2) by AS 38.08.060(a).

\* Sec. 48. Land disposals conducted by the commissioner of natural resources for fiscal year 1982 shall be accomplished within appropriations to the Department of Natural Resources for that purpose.

\* Sec. 49. The commissioner of natural resources may disallow a municipal selection of mental health lands allowed under sec. 1(b), ch. 181, SLA 1978 if the commissioner determines that the municipality is not complying with land disposal requirements in ch. 181, SLA 1978.

\* Sec. 50. Section 44 of this Act is retroactive to July 18, 1978.

\* Sec. 51. Section 43 of this Act is retroactive to July 19, 1978.

\* Sec. 52. This Act takes effect July 1, 1981.