

**HOUSE BILL NO. 296**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

**BY REPRESENTATIVE LEDOUX**

**Introduced: 2/3/14**

**Referred:**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act providing for certain individuals who have erected a building on land leased**  
2 **from the state to receive a preference right to purchase certain state land without**  
3 **competitive bid."**

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

5 **\* Section 1.** AS 38.05.035(f) is amended to read:

6 (f) The director shall grant a preference right to the purchase or lease without  
7 competitive bid of up to five acres of state land to an individual who has erected a  
8 building on the land and used the land for bona fide business purposes for five or more  
9 years under a federal permit or without the need for a permit and, after selection by the  
10 state, under a state use permit or lease, if the business produced no less than 25 percent  
11 of the total income of the applicant for the five years preceding the application to  
12 purchase or lease the land. The director shall sell or lease the land at a price  
13 determined by the director to represent the current fair market value of the unimproved  
14 land but in no event less than the cost of administration including survey if required. If

1 the director determines in a written finding that the purchase or lease of the land would  
 2 interfere with public use by residents of the area, the director may condition the  
 3 purchase or lease to mitigate the adverse effects on the public use or may reject the  
 4 application for the preference right. A lease granted under this subsection may not be  
 5 for a period in excess of 50 years. [IN THIS SUBSECTION, "BUSINESS  
 6 PURPOSES" MEANS A PURPOSE PERMITTED UNDER THE  
 7 CLASSIFICATION OF THE LAND AT THE TIME THE LAND WAS ENTERED.]

8 \* **Sec. 2.** AS 38.05.035 is amended by adding new subsections to read:

9 (p) Where there is an active municipal entitlement selection on state land  
 10 under AS 29.65.010 - 29.65.030 on which there is a state-issued lease, before the  
 11 decision to approve the municipal entitlement, the director shall grant a preference  
 12 right to purchase without competitive bid up to five acres of the state land to an  
 13 individual lessee who applies for the preference right, has erected a building  
 14 authorized under the lease on the state land, has used the land for bona fide business  
 15 purposes for 10 or more years under a state lease, and has received from the business  
 16 not less than 25 percent of the total income of the individual for the 10 years preceding  
 17 the application by the individual for the preference right. The director shall sell the  
 18 land at a price determined by the director to represent the current fair market value of  
 19 the unimproved land as determined by appraisal and survey paid for by the individual,  
 20 if an appraisal and survey have not already been completed. If the director determines  
 21 in a written finding that the sale of the land would interfere with public use by  
 22 residents of the area, the director may condition the sale to mitigate the adverse effects  
 23 on the public or may reject the application for the preference right if those effects  
 24 cannot be mitigated. The director shall separately account for the revenue from the  
 25 sale of the parcel, and the legislature may appropriate the proceeds from the sale to the  
 26 municipality that selected the land.

27 (q) In (f) and (p) of this section,

28 (1) "building" means a permanent structure with solid walls,  
 29 foundation, and roof;

30 (2) "business purposes" means a purpose consistent with the  
 31 classification of the land at the time the land was entered.