

**CS FOR HOUSE BILL NO. 296(CRA)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

**BY THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE**

**Offered: 3/5/14**

**Referred: State Affairs**

**Sponsor(s): REPRESENTATIVES LEDOUX, Keller**

**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 a valid municipal entitlement selection on state land under  
 10 AS 29.65.010 - 29.65.030 that has a state-issued land lease that has been issued  
 11 competitively under AS 38.05.070 and before the decision to approve the municipal  
 12 entitlement land selection, the director shall grant a preference right to purchase  
 13 without further competitive bid of up to five acres of the state land to an individual  
 14 who has erected a building approved by a lease on the state land and used the land for  
 15 bona fide business purposes for 10 or more years under a state lease, if the business  
 16 produced not less than 25 percent of the total income of the applicant for the 10 years  
 17 preceding the application to purchase the land. An application for a preference right  
 18 under this section must be filed with the director within 120 days after notice to the  
 19 lessee of the municipal entitlement land selection. If the director grants the preference  
 20 right, the director shall sell the land at a price determined by the director to represent  
 21 the current fair market value of the unimproved land determined by an appraisal under  
 22 AS 38.05.840 and a survey, both at the cost of the applicant. If the director determines  
 23 that the purchase of the land would interfere with public use by residents of the area,  
 24 the director may condition the purchase to mitigate the adverse effects on the public in  
 25 the written finding under AS 38.05.035(e) or may reject the application if those effects  
 26 cannot be avoided or mitigated. If the preference right application is approved, the  
 27 amount of land within the overall municipal entitlement under AS 29.65.010 -  
 28 29.65.030 shall be reduced by the amount of land covered under this section; however,  
 29 subject to appropriation, the revenue from the purchase of the parcel will be given to  
 30 the municipality if the municipal entitlement land selection is approved.

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

- 1                   (1) "building" means a permanent type of structure not less than 500  
2 square feet in size with solid walls, foundation, and roof;  
3                   (2) "business purposes" means a purpose consistent with the  
4 classification of the land at the time the land was entered.