

**SENATE BILL NO. 81**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - FIRST SESSION

**BY SENATOR KELLY**

**Introduced: 3/20/15**

**Referred: Education, Finance**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the University of Alaska building fund; and relating to contributions**  
2 **to the University of Alaska building fund."**

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

4 \* **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section  
5 to read:

6 **LEGISLATIVE FINDINGS AND INTENT.** (a) The legislature finds that

7 (1) an academically strong state university system is a cornerstone to the long-  
8 term development of a stable population and to a healthy, diverse economy of the state;

9 (2) art. VII, sec. 2 of the Constitution of the State of Alaska provides that the  
10 property of the University of Alaska shall be administered according to law;

11 (3) before statehood, the Acts of the United States Congress approved  
12 March 4, 1915, 38 Stat. 1214, as amended, and January 21, 1929, 45 Stat. 1091, intended to  
13 set aside for the Alaska Agricultural College and School of Mines section 33 of each township  
14 within a defined geographic area corresponding to the Tanana Valley and to dedicate the

1 revenue from that land permanently to that purpose;

2 (4) in the Alaska Statehood Act, P.L. 85-508, Congress repealed the 1915 Act,  
3 granting land it reserved to the newly created state "for the purposes for which they were  
4 reserved," based in part on the assumption that the newly created state would make  
5 appropriate provisions for the university from its own land selections;

6 (5) after statehood, the state initially treated those sections 33 that had been  
7 surveyed, approximately 3.3 percent of the full reservation, as lands granted to the state for  
8 general purposes and those sections 33 that had not been surveyed as lands available to the  
9 state for selection for general purposes;

10 (6) although various legal disputes relating to the surveyed sections 33 were  
11 resolved by litigation or settlement between the University of Alaska and the state, the  
12 unsurveyed sections 33 were not addressed;

13 (7) had all the unsurveyed sections been surveyed before statehood, the  
14 University of Alaska would have received that land and the revenue from that land without  
15 violation of the dedicated funds provision of art. IX, sec. 7 of the Constitution of the State of  
16 Alaska because the dedication of the revenue from the land would have existed before the  
17 date that the Constitution of the State of Alaska was ratified;

18 (8) starting with an attempt in 1959 to grant 1,000,000 acres of state land to  
19 the University of Alaska in a bill vetoed by the governor, and as recently as 2009 when state  
20 laws enacted to create a permanent land endowment for the university were found by the  
21 Alaska Supreme Court to violate art. IX, sec. 7 of the Constitution of the State of Alaska, the  
22 legislature has been unable to create a suitable substitute for the permanent land endowment  
23 that the 1915 legislation was designed to create for the University of Alaska;

24 (9) in the intervening years, the University of Alaska has suffered from the  
25 loss of revenue that could have been generated if the original 1915 land endowment  
26 legislation had been fulfilled;

27 (10) it is incumbent on the legislature, while efforts to enact a constitutionally  
28 permissible provision to create a land grant for the University of Alaska continue, to enact a  
29 constitutionally permissible method to redress the loss of revenue;

30 (11) through amendments to AS 37.05.555, governing the University of  
31 Alaska building fund, and to AS 14.40.491, defining university receipts, this legislature can

1 partially redress the revenue problem outlined in this section while retaining unfettered  
 2 discretion to appropriate university receipts, including receipts from the University of Alaska  
 3 building fund, as this legislature and future legislatures may see fit, without restrictions, on an  
 4 annual basis; it is in the best interest of the University of Alaska and the state to do so.

5 (b) It is the intent of the legislature

6 (1) to enact legislation under which the University of Alaska may, subject to  
 7 legislative appropriation, receive revenue to redress, in part, the lack of revenue attributable to  
 8 the paucity of the University of Alaska's land grant;

9 (2) to enact legislation defining "university receipts," over which the  
 10 legislature retains unrestricted appropriation authority, to include revenue from the University  
 11 of Alaska building fund;

12 (3) to provide that, if a provision of this Act is found to be an unlawful  
 13 dedication of funds in violation of art. IX, sec. 7 of the Constitution of the State of Alaska, or  
 14 otherwise unlawful, the remaining provisions of the Act be severed from those provisions to  
 15 the maximum extent possible; and

16 (4) to have a stable University of Alaska system that provides a wide range of  
 17 curricular and extracurricular activities and maintains its national and international standing as  
 18 a premier institution of higher education, for which a robust University of Alaska building  
 19 fund is essential.

20 \* **Sec. 2.** AS 37.05.555(a) is amended to read:

21 (a) The University of Alaska building fund is created as a special account in  
 22 the general fund. The fund consists of

23 (1) payments made to the University of Alaska by a public or private  
 24 occupant of a covered building under an agreement with the University of Alaska for  
 25 costs of the occupant's use and occupancy of building space; [AND]

26 (2) appropriations to the fund; **and**

27 **(3) deposits made by the commissioner of revenue under**  
 28 **AS 37.05.558.**

29 \* **Sec. 3.** AS 37.05 is amended by adding a new section to read:

30 **Sec. 37.05.558. Contributions to the University of Alaska building fund.**

31 During each fiscal year, the commissioner of revenue shall transfer to the University

1 of Alaska building fund created under AS 37.05.555 a sum equal to one-half of one  
2 percent of the total receipts derived from the management of state land, including  
3 amounts paid to the state as proceeds of sale or annual rent of surface rights, mineral  
4 lease rentals, royalties, royalty sale proceeds, and federal mineral revenue sharing  
5 payments or bonuses. Nothing in this section creates a dedicated fund.

6 \* **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to  
7 read:

8 **APPLICABILITY.** Section 4 of this Act applies only to receipts from leases, sales,  
9 contracts, or other agreements relating to the management of state land that are entered into,  
10 renewed, or extended beyond their original term after January 1, 2016.