

CS FOR HOUSE BILL NO. 120(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE RESOURCES COMMITTEE

Offered: 5/11/22

Referred: Finance

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to access roads; relating to state land; relating to contracts for the sale
2 of state land; relating to the authority of the Department of Education and Early
3 Development to dispose of state land; relating to a program of state inspection for
4 certain meat processing facilities; relating to the authority of the Department of
5 Transportation and Public Facilities to dispose of state land; relating to the authority of
6 the Department of Natural Resources over certain state land; relating to the state land
7 disposal income fund; relating to the leasing and sale of state land; relating to covenants
8 and restrictions on agricultural land; relating to the Alaska Native Vietnam veteran
9 land exchange; establishing temporary grant programs for certain meat processing
10 facilities and for farm development and improvement; and providing for an effective
11 date."

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

1 * **Section 1.** AS 14.07.030(a) is amended to read:

2 (a) The department may

3 (1) establish, maintain, govern, operate, discontinue, and combine area,
4 regional, and special schools;

5 (2) enter into contractual agreements with the Bureau of Indian Affairs
6 or with a school district to share boarding costs of secondary school students;

7 (3) provide for citizenship night schools when and where expedient;

8 (4) provide for the sale or other disposition of abandoned or obsolete
9 buildings and other state-owned school property;

10 (5) prescribe a classification for items of expense of school districts;

11 (6) acquire and transfer personal property, acquire real property, and
12 transfer an interest in real property according to terms, standards, and conditions
13 established by the commissioner [TO FEDERAL AGENCIES, STATE AGENCIES,
14 OR TO POLITICAL SUBDIVISIONS];

15 (7) enter into contractual agreements with school districts to provide
16 more efficient or economical education services; reasonable fees may be charged by
17 the department to cover the costs of providing services under an agreement, including
18 costs for professional services, reproduction or printing, and mailing and distribution
19 of educational materials;

20 (8) provide for the issuance of elementary and secondary diplomas to
21 persons not in school who have completed the equivalent of an 8th or 12th grade
22 education, respectively, in accordance with standards established by the department;

23 (9) apply for, accept, and spend endowments, grants, and other private
24 money available to the state for educational purposes in accordance with AS 37.07
25 (Executive Budget Act);

26 (10) set student tuition and fees for educational and extracurricular
27 programs and services provided and schools operated by the department under the
28 provisions of (1) of this section and AS 14.07.020(a)(9), (11), and (12);

29 (11) charge fees to cover the costs of care and handling with respect to
30 the acquisition, warehousing, distribution, or transfer of donated foods;

31 (12) establish and collect fees for the rental of school facilities and for

1 other programs and services provided by the schools;

2 (13) develop a model curriculum and provide technical assistance for
3 early childhood education programs;

4 (14) notwithstanding any other provision of this title, intervene in a
5 school district to improve instructional practices under standards established by the
6 department in regulation, including directing the

7 (A) employees identified by the department to exercise
8 supervisory authority for instructional practices in the district or in a specified
9 school;

10 (B) use of appropriations under this title for distribution to a
11 district;

12 (15) notwithstanding any other provision of this title, redirect public
13 school funding under AS 14.17 appropriated for distribution to a school district, after
14 providing notice to the district and an opportunity for the district to respond, when

15 (A) necessary to contract for services to improve instructional
16 practices in the district; or

17 (B) the district has failed to take an action required by the
18 department to improve instructional practices in the district; if funding is
19 redirected under this subparagraph, the department shall provide the redirected
20 funding to the district when the department has determined that the required
21 action is satisfactorily completed.

22 * **Sec. 2.** AS 17.20.005 is amended to read:

23 **Sec. 17.20.005. Powers and duties of commissioner.** To carry out the
24 requirements of this chapter, the commissioner may issue orders, regulations, permits,
25 quarantines, and embargoes relating to

26 (1) food offered to the public or sold, **subject to AS 17.20.017,**
27 including

28 (A) inspection of meat, fish, poultry, and other food products;

29 (B) standards of sanitation and handling methods for all phases
30 of slaughtering, processing, storing, transporting, displaying, and selling;

31 (C) labeling; and

1 (D) the training, testing, and certification requirements for
2 individuals who handle or prepare food, their supervisors, and their employers
3 to ensure their knowledge of food safety and sanitation principles and
4 requirements;

5 (2) control and eradication of pests;

6 (3) enforcement of hazard analysis critical control point programs for
7 seafood processing that are developed in cooperation with appropriate industry
8 representatives or, to the extent not inconsistent with this chapter or regulations
9 adopted under the authority of this chapter, that are established by regulations of the
10 United States Food and Drug Administration as they may periodically be revised;

11 (4) labeling, subject to AS 17.20.013, and grading of milk and milk
12 products and standards of sanitation for dairies offering to the public or selling milk or
13 milk products to at least the minimum of current recommendations of the United
14 States Public Health Service pasteurized milk ordinance as it may periodically be
15 revised;

16 (5) standards and conditions for the operation and siting of aquatic
17 farms and related hatcheries, including

18 (A) restrictions on the use of chemicals; and

19 (B) requirements to protect the public from contaminated
20 aquatic farm products that pose a risk to health;

21 (6) monitoring aquatic farms and aquatic farm products to ensure
22 compliance with this chapter and, to the extent not inconsistent with this chapter or
23 regulations adopted under the authority of this chapter, with the requirements of the
24 national shellfish sanitation program manual of operations published by the United
25 States Food and Drug Administration as it may periodically be revised;

26 (7) tests and analyses that may be made and hearings that may be held
27 to determine whether the commissioner will issue a stop order or quarantine;

28 (8) transportation of, use of, disposal of, recalls of, or warnings
29 concerning quarantined or embargoed items;

30 (9) cooperation with federal and other state agencies.

31 * **Sec. 3.** AS 17.20 is amended by adding a new section to read:

1 **Sec. 17.20.017. Inspection of processed meat products.** (a) The department
2 may adopt regulations to establish a program of state inspection for the processing and
3 sale of meat products, including meat products from amenable species.

4 (b) The department may administer and enforce regulations adopted under (a)
5 of this section for a program of state inspection for the processing and sale of meat
6 products from amenable species only if the program is approved by the federal
7 government.

8 (c) Regulations adopted by the department under this section must impose
9 requirements that are not less stringent than the requirements imposed under 21 U.S.C.
10 601 - 695 (Federal Meat Inspection Act) and 7 U.S.C. 1901 - 1907 (Humane Methods
11 of Slaughter Act).

12 (d) Subject to (b) of this section, and except as provided in (e) of this section,
13 if the department adopts regulations to establish a program of state inspection for the
14 processing and sale of meat products, the department shall

15 (1) license facilities that process meat products for sale to the public;

16 (2) adopt license requirements and fees for facilities that process meat
17 products for sale to the public; and

18 (3) use officers and employees of the department to inspect facilities
19 that are licensed under this subsection.

20 (e) The department may not establish, administer, or enforce a program of
21 inspection under this section for facilities that process meat products from equines.

22 (f) In this section,

23 (1) "amenable species" has the meaning given in 21 U.S.C. 601(w);

24 (2) "equine" means a member of the family Equidae.

25 * **Sec. 4.** AS 19.30.080 is amended to read:

26 **Sec. 19.30.080. Construction standards and maintenance.** An access road
27 constructed under AS 19.30.060 - 19.30.100 shall be of low standard, not necessarily
28 suitable for all weather use. The state is not under obligation to maintain an access
29 road constructed under AS 19.30.060 - 19.30.100. If an access road is constructed
30 outside a municipality that has zoning ordinances, the right-of-way width for the road
31 shall be determined by the division of lands and the Department of Transportation and

1 Public Facilities. If an access road **under AS 19.30.060 - 19.30.100** is constructed
 2 within the boundaries of a municipality that has zoning ordinances, the right-of-way
 3 width **must** [SHALL] conform to the subdivision control ordinances of the
 4 municipality **in the same manner and to the same extent as private landowners.**
 5 Contracts for the work on an access road are governed by AS 36.30 (State
 6 Procurement Code).

7 * **Sec. 5.** AS 35.20.070 is repealed and reenacted to read:

8 **Sec. 35.20.070. Vacating and disposing of land; rights in land.** (a) The
 9 department may vacate an easement acquired for a public works purpose by executing
 10 and filing a deed in the appropriate recording district. Upon filing, title to the vacated
 11 rights in land inures to the underlying real property owner in the manner and
 12 proportion considered equitable by the commissioner and set out in the deed.

13 (b) If the department determines that land or rights in land acquired by the
 14 department are no longer necessary for public works purposes, the department may

15 (1) sell, contract to sell, lease, or exchange the land according to terms,
 16 standards, and conditions established by the commissioner; or

17 (2) at the request of the commissioner of natural resources, transfer the
 18 land to the Department of Natural Resources.

19 (c) Proceeds received from the sale or lease of land under this section shall be
 20 credited to the funds from which the purchase of the land was made originally.

21 * **Sec. 6.** AS 38.04.022 is amended to read:

22 **Sec. 38.04.022. State land disposal income fund.** (a) The revenue from the
 23 state land disposal program shall be deposited in the state land disposal income fund in
 24 the state treasury. On June 30 of each fiscal year, the portion of that fund that exceeds
 25 **\$12,000,000** [\$5,000,000] shall be deposited in the state general fund. The legislature
 26 may appropriate money from the state land disposal income fund for expenditure by
 27 the Department of Natural Resources for necessary costs incurred by the
 28 commissioner in the implementation of state land disposal programs authorized under
 29 this title or for any other public purpose.

30 (b) Within five days after the legislature convenes in regular session, the
 31 Department of Natural Resources shall notify the legislature that a report reflecting all

1 money deposited in the fund established under (a) of this section during the **previous**
 2 **[PRIOR]** fiscal year is available. **The report may include a recommendation to**
 3 **amend the deposit limit established in (a) of this section.**

4 * **Sec. 7.** AS 38.05.055 is repealed and reenacted to read:

5 **Sec. 38.05.055. Auction sale or sealed bid procedures.** (a) Unless another
 6 method of sale is allowed under this chapter, AS 38.08, or AS 38.09, the sale of state
 7 land shall be made at public auction or by sealed bid, at the discretion of the director,
 8 to the highest qualified bidder as determined by the director. The director may accept
 9 bids and sell state land under this section at not less than 70 percent of the appraised
 10 fair market value of the land.

11 (b) To qualify to participate under this section in a public auction or sale by
 12 sealed bid of state land that is other than commercial, industrial, or agricultural land, a
 13 bidder must be a resident of the state for at least one year immediately preceding the
 14 date of the sale and submit proof of that fact, as the commissioner requires by
 15 regulation. A bidder may be represented by an attorney or agent at a public auction.

16 (c) An aggrieved bidder may appeal to the commissioner within five days after
 17 the sale for a review of the director's determination.

18 (d) The director shall conduct a sale under this section. The successful bidder
 19 at a public action, or, for a sealed bid, each bidder when submitting a bid, shall
 20 provide an earnest money deposit in the amount of at least five percent of the bid
 21 amount. Not later than 10 days after the public auction or sale by sealed bid, the
 22 director shall issue a receipt to the successful bidder. The director's receipt shall
 23 contain a description of the land or property purchased, the bid price, and the amount
 24 deposited. If the bidder fails to enter into a contract to purchase or defaults in the
 25 payment of the bid amount, five percent of the bid amount shall be forfeited to the
 26 state.

27 * **Sec. 8.** AS 38.05.065(a) is amended to read:

28 (a) **A** [THE] contract of sale for land, **an interest in land, or property** sold
 29 **under this chapter may be issued for** [AT PUBLIC AUCTION OR BY SEALED
 30 BID UNDER AS 38.05.055 SHALL REQUIRE] the remainder of the purchase price
 31 to be paid in monthly, quarterly, or annual installments over a period of not more than

1 20 years, with interest at the rate provided in (i) of this section. Installment payments
2 plus interest shall be set on the level-payment basis.

3 * **Sec. 9.** AS 38.05.065(b) is amended to read:

4 (b) The contract of sale for land sold under AS 38.05.057 or under former
5 AS 38.05.078 shall require the remainder of the purchase price to be paid in monthly,
6 quarterly, or annual installments over a period of not more than **30** [20] years.
7 Installment payments plus interest shall be set on the level-payment basis. The interest
8 rate to be charged on installment payments is the rate provided in (i) of this section.

9 * **Sec. 10.** AS 38.05.065(c) is amended to read:

10 (c) The director shall, for contracts under (a), (b), or (h) of this section, set out
11 in the contract for each sale the period for the payment of installments and the total
12 purchase price plus interest. The director, with the consent of the commissioner, may
13 also include in contracts under this section conditions, limitations, and terms
14 considered necessary and proper to protect the interest of the state. Violations of any
15 provision of this chapter or the terms of the contract of sale subject the purchaser to
16 appropriate administrative and legal action, including but not limited to specific
17 performance, **termination** [FORECLOSURE], ejectment, or other legal remedies in
18 accordance with applicable state law.

19 * **Sec. 11.** AS 38.05.065(d) is amended to read:

20 (d) If a contract for a sale of state land has been breached, the director may
21 issue a decision to [FORECLOSE AND] terminate the contract at any time 31 days
22 after delivering by certified mail a written notice of the breach to the address of record
23 of the purchaser. A breach caused by the failure to make payments required by the
24 contract may be cured within 30 days after the notice of the breach has been received
25 by the purchaser by payment of the sum in default together with the larger of a fee of
26 \$50 or five percent of the sum in default. If there are material facts in dispute between
27 the state and the purchaser, the purchaser may submit a written request for a public
28 hearing for the review of the facts within 30 days after the notice of the breach has
29 been received.

30 * **Sec. 12.** AS 38.05.065(e) is amended to read:

31 (e) **Upon** [ON] a determination that there has been a breach of the contract

1 based on the administrative record and the evidence presented at a hearing, **if**
 2 **requested**, the director shall issue a decision foreclosing the interest of the purchaser
 3 and terminating the contract. The obligation to make payments under the contract
 4 continues through the date of the **director's** decision to **terminate the contract**
 5 [FORECLOSE BY THE DIRECTOR].

6 * **Sec. 13.** AS 38.05.065(f) is amended to read:

7 (f) The director shall deliver the decision to [FORECLOSE AND] terminate
 8 **the contract** personally to the purchaser or send it certified mail, return receipt
 9 requested, to the address of record of the purchaser. If the breach is a failure to make
 10 payments required by the contract, the decision shall include a notice to the purchaser
 11 that if within 30 days the purchaser pays to the state the full amount of the unpaid
 12 contract price, including all accrued interest, and any fees assessed under (d) of this
 13 section, the department shall issue to the purchaser a deed to the land. If full payment
 14 is not made within 30 days or the breach is for other than failure to make payment, the
 15 decision [FORECLOSES AND] terminates all legal and equitable rights the purchaser
 16 has in the land.

17 * **Sec. 14.** AS 38.05.065 is amended by adding a new subsection to read:

18 (j) If a sale of state land is to be made by means other than a means prescribed
 19 by AS 38.05.055, the director shall require a person applying to purchase land, an
 20 interest in land, or property to submit an earnest money deposit of at least five percent
 21 of the purchase price with the application for a contract to purchase land, an interest in
 22 land, or property. This earnest money deposit shall be applied toward the purchase
 23 price. If the applicant fails to enter into a contract to purchase or defaults in the
 24 payment of the purchase price, five percent of the purchase price shall be forfeited to
 25 the state.

26 * **Sec. 15.** AS 38.05 is amended by adding a new section to read:

27 **Sec. 38.05.086. Leases and sales of land for commercial development.** (a)
 28 For purposes of stimulating economic development in the state, the commissioner may
 29 lease and sell land identified in (b) of this section as appropriate for commercial
 30 development. As provided in (l) of this section, if a lease is in good standing and the
 31 development requirements of the lease have been satisfied, the lessee may purchase

1 the leased land.

2 (b) The department may identify land appropriate for commercial
3 development from any or all of the following categories:

4 (1) state land identified or nominated as a qualified opportunity zone
5 under 26 U.S.C. 1400Z-1 and 1400Z-2;

6 (2) state land nominated by the public; public nominations under this
7 paragraph are limited to one for each person and nominated land may not exceed 640
8 acres in size;

9 (3) any other state land the department considers appropriate for
10 commercial development.

11 (c) If land identified in (b) of this section is classified in a manner that does
12 not allow disposal of the land, the commissioner may classify or reclassify the land
13 under AS 38.04.065 and AS 38.05.300. Before classifying or reclassifying land under
14 this subsection, the commissioner shall provide public notice under AS 38.05.945.
15 Notwithstanding AS 38.05.945(c)(2) and (3), regardless of whether the land is located
16 inside or outside a municipality, the commissioner shall provide notice to a

17 (1) regional corporation if the boundaries of the corporation as
18 established by 43 U.S.C. 1606(a) (sec. 7(a), Alaska Native Claims Settlement Act)
19 encompass the land;

20 (2) village corporation organized under 43 U.S.C. 1607(a) (sec. 8(a),
21 Alaska Native Claims Settlement Act) if the land is within 25 miles of the village for
22 which the corporation was established.

23 (d) The commissioner may open for leasing and sale certain areas of land
24 identified in (b) of this section and issue a request for proposals to develop land within
25 the areas. Before requesting proposals, a finding must be made under AS 38.05.035(e)
26 that the lease and sale of the land within the areas opened is in the best interests of the
27 state. The commissioner's request for proposals must be in writing.

28 (e) A person may apply to develop land within the areas by responding to the
29 commissioner's request for proposals and paying an application fee as provided by
30 regulation. In addition to information requested by the commissioner in the request for
31 proposals, a response to the request for proposals must include the specific

1 (1) type of commercial development proposed; and

2 (2) location, description, and size of the land requested for the
3 proposed commercial development; the size of land requested in a response to a
4 request for proposals may not exceed 20 acres and must be reasonably compact.

5 (f) The commissioner's request for proposals must be posted on the Alaska
6 Online Public Notice System (AS 44.62.175) for at least 30 consecutive days and must
7 be furnished in electronic format or by mail to each person who received notice of the
8 decision issued under AS 38.05.035(e).

9 (g) A response to the commissioner's request for proposals must be in writing
10 and submitted by the deadline set by the commissioner. The commissioner may reject
11 a proposal that does not meet the requirements of this section or for which the
12 commissioner makes a written determination that the proposal is not in the best
13 interests of the state. The commissioner's decision to reject a proposal is subject to
14 appeal or a petition for reconsideration under AS 44.37.011.

15 (h) If the commissioner determines that only one suitable proposal for a
16 specific area of land exists, the commissioner may issue a lease to that person as
17 provided in this section as long as the proposal is in the best interests of the state. If
18 the commissioner determines that there are two or more suitable proposals for the
19 same or overlapping land, the commissioner shall hold a public auction or sealed bid,
20 limited to those persons who submitted proposals for the same or overlapping land,
21 and award the lease to the highest bidder as long as the proposal of the highest bidder
22 is in the best interests of the state.

23 (i) The commissioner shall set, using a method of compensation set out in
24 AS 38.05.073(m), an annual fee for a commercial land lease under this section to
25 ensure that the state receives, for the term of the lease, a fair return for the use of the
26 land granted by the lease.

27 (j) A lease must be for a term of not more than five years. A lease in good
28 standing may be renewed for one additional five-year period. The original lessee may
29 not assign the lease during the term of the lease or any renewal without the approval of
30 the director.

31 (k) The commissioner may terminate a commercial land lease under this

1 section before the expiration of the lease for a breach of the terms of the lease,
2 including a failure to use the land in a manner required by the lease. Upon expiration
3 of the term of a lease or the termination of the lease before expiration, improvements
4 to or personal property on the land subject to the lease shall be managed in the manner
5 required by AS 38.05.090.

6 (l) At any time during the term of the lease, a lessee in good standing may
7 submit an application to the department to purchase all or a portion of the land leased
8 under this section for its fair market value at the time of purchase. A lessee is eligible
9 to purchase the land if the lessee

10 (1) has completed the development requirements of the land leased
11 consistent with the proposal submitted under (g) of this section and as provided by the
12 terms of the lease;

13 (2) has appraised and surveyed the site in a manner acceptable to the
14 department, at the lessee's expense; and

15 (3) pays an application fee as provided by regulation.

16 (m) An eligible lessee under (l) of this section may apply the amount of the
17 lease payments made under the lease to the purchase price of the land. Other amounts
18 paid, including fees, penalties, survey costs, and appraisal costs, may not be applied to
19 the purchase price of the land.

20 (n) If an application to purchase land under (l) of this section is denied, the
21 lessee may continue to hold the lease according to the terms of the lease and may
22 reapply to purchase the land. A subsequent application to purchase the land must
23 address the reasons the previous application was denied.

24 (o) The commissioner shall adopt regulations under AS 44.62 (Administrative
25 Procedure Act) to implement this section. Regulations adopted under this subsection
26 must, at a minimum, address

27 (1) the application procedures for a commercial land lease or sale
28 under this section;

29 (2) the auction or sealed bid process to be used, if necessary, under (h)
30 of this section;

31 (3) the terms and conditions that may be included in a commercial land

1 lease under this section;

2 (4) the method for resolving competitive bidding disputes and issues;

3 (5) the procedure for requesting proposals;

4 (6) the criteria for assessing proposals; and

5 (7) any administrative fees.

6 (p) The commissioner shall reserve easements and rights-of-way on and across
7 land made available for commercial development under this section after providing
8 regional corporations, village corporations, tribes, municipal governments, and other
9 interested parties an opportunity to review and comment on the proposed reserved
10 easements and rights-of-way, and an opportunity to appeal a decision under
11 AS 44.37.011. The commissioner shall reserve easements and rights-of-way under this
12 subsection for trails that have an established history of use for commerce, recreation,
13 transportation, or providing access to a traditional outdoor activity. In this subsection,
14 "traditional outdoor activity" has the meaning given in AS 38.04.200.

15 (q) Before leasing or disposing of land under this section, the commissioner
16 shall provide notice under AS 38.05.945 and prepare a best interest finding in writing
17 in accordance with AS 38.05.035(e). In making a best interest finding under this
18 subsection, the commissioner shall consider the effects of the lease or sale on
19 subsistence uses, fish and wildlife habitat and populations and their uses, and
20 historical and cultural resources.

21 * **Sec. 16.** AS 38.05.321(a) is amended to read:

22 (a) The department shall include in a document that conveys state land
23 classified as agricultural land

24 (1) a perpetual covenant for the benefit of all Alaska residents and
25 running with the land that restricts or limits the use of the land for agricultural
26 purposes, **including,**

27 **(A) for parcels larger than 20 acres,**

28 **(i) the production, storage, and sale of plants and**
29 **animals for commercial or personal use;**

30 **(ii) the construction of housing for landowners and**
31 **farm laborers, improvements for animals, or improvements that**

1 are reasonably required for or related to agricultural use;

2 (iii) the use of gravel reasonably required or related
3 to agricultural production on the parcel; and

4 (iv) removal and disposition of timber for the
5 purpose of bringing agricultural land into use; or

6 (B) for parcels of 20 acres or less,

7 (i) uses authorized under (A) of this paragraph;

8 (ii) uses related to vertically integrated agricultural
9 processing and production;

10 (iii) uses related to commercial support services for
11 the agricultural industry; and

12 (iv) other agriculture-related purposes approved by
13 the department; and

14 (2) one of the following, as appropriate:

15 (A) a perpetual covenant for the benefit of all Alaska residents
16 and running with the land permitting the owner of land that had been obtained
17 under homestead entry to subdivide and convey the land in parcels of not less
18 than 20 [40] acres each; [OR]

19 (B) a perpetual covenant for the benefit of all Alaska residents
20 and running with the land permitting the owner of land that had been obtained
21 by purchase to subdivide and convey not more than eight [FOUR] parcels of
22 the land of not less than 20 [40] acres each, subject to the restriction that a
23 subdivided parcel may not be further subdivided; or

24 (C) a perpetual covenant for the benefit of all Alaska
25 residents and running with the land permitting the owner of land to
26 convey the land in parcels of 20 acres or less if the land was originally
27 conveyed by the department in a parcel of 20 acres or less and subject to
28 the restriction that a subdivided parcel may not be further subdivided.

29 * Sec. 17. AS 38.05.321(d) is amended to read:

30 (d) For state land classified as agricultural land that is conveyed under (a) of
31 this section,

1 (1) the commissioner may require the landowner to cooperate with the
 2 appropriate soil and water conservation district under AS 41.10 in the development
 3 and implementation of soil conservation plans as authorized by AS 41.10.110(6);

4 (2) as a condition of the conveyance, the commissioner may not
 5 require preparation and implementation of a schedule of planned agricultural
 6 development or a farm development plan specified in a land purchase contract unless
 7 the commissioner permits modification of a plan in cases of economic hardship or
 8 other extenuating circumstances;

9 (3) the commissioner may not

10 (A) limit the right of the landowner to use the land and
 11 improvements for purposes that are [INCIDENTAL TO AND] not inconsistent
 12 with **and do not limit** the primary use of the land for agricultural purposes **as**
 13 **described in (a)(1) of this section;**

14 (B) except as provided by (i) of this section, limit the right of a
 15 landowner to construct housing for the landowner and farm laborers, to
 16 construct improvements for animals, or to construct improvements that are
 17 reasonably required for or related to agricultural use on the original parcel and
 18 on additional subdivided parcels, not to exceed the limits and restrictions set by
 19 (a)(2) of this section; and

20 (C) limit the right of the landowner to subdivide and convey
 21 the land if the resulting parcels are not in violation of the limits and restrictions
 22 set out in (a)(2) of this section.

23 * **Sec. 18.** AS 38.05.965 is amended by adding a new paragraph to read:

24 (29) "public auction" means a public oral outcry auction or a public
 25 online auction.

26 * **Sec. 19.** AS 38.50.010(b) is amended to read:

27 (b) **Except as provided by AS 38.50.015, land** [LAND] or an interest in land
 28 exchanged must be of approximately equal value; however, the director may accept
 29 from or pay to a party to an exchange cash or other consideration to equalize the value
 30 of the property conveyed and received by the state. If the director determines that the
 31 property to be exchanged is not of approximately equal value or if the value of the

1 property cannot be ascertained with reasonable certainty, the director may enter into
 2 an exchange with a finding that the value of the property received, together with the
 3 value of other public benefits, equals or exceeds the value of the property relinquished
 4 by the state.

5 * **Sec. 20.** AS 38.50 is amended by adding a new section to read:

6 **Sec. 38.50.015. Alaska Native Vietnam veteran land exchange.** (a) An
 7 eligible individual who has received a land allotment under 43 U.S.C. 1629g-1 may
 8 apply to the department to exchange that land allotment for a parcel of state land
 9 identified by the department under (b) of this section.

10 (b) The department shall

11 (1) identify state land in each region of the state that may be
 12 exchanged for other land under (a) of this section;

13 (2) provide public notice of land available under this section, including
 14 legal descriptions of the land, together with a map or plat showing the location of
 15 parcels available under this section.

16 (c) A parcel of state land exchanged under (a) of this section may be in a
 17 different region of the state than the land for which it is exchanged.

18 (d) The director shall exchange a parcel of state land for land provided to an
 19 eligible individual as a land allotment under 43 U.S.C. 1629g-1 under (a) of this
 20 section as follows:

21 (1) for a land allotment of between 2.5 and 10 acres, the director shall
 22 exchange a parcel of state land that is equal in size, regardless of the value of the
 23 parcel of state land;

24 (2) for a land allotment of 10 acres or more, the value of which is

25 (A) less than or approximately equal to the value of a 10-acre
 26 parcel of state land subject to exchange under this section, the director shall
 27 exchange the state land for the land originally provided as an allotment,
 28 regardless of whether the parcel of state land is of lesser value; and

29 (B) greater than the value of a 10-acre parcel of state land
 30 subject to exchange under this section, the director shall adjust the acreage of
 31 the parcel of state land subject to exchange under this section to ensure the

1 land exchanged is of approximately equal value.

2 (e) Notwithstanding AS 38.05.840, when determining the values of a parcel of
3 land provided as an allotment under 43 U.S.C. 1629g-1 and a parcel of state land
4 subject to exchange under this section, the department shall adopt an informal
5 valuation process in regulation that may include consideration of state land sales in the
6 area or areas where the land allotment and the parcel of state land are located.

7 (f) If a parcel of state land, or any portion of a parcel of state land, is requested
8 for exchange by more than one eligible individual under (a) of this section, the
9 department may meet with each of the eligible individuals and adjust the size and
10 shape of the requested parcels of state land. In adjusting the size or shape of a parcel
11 of state land under this subsection, the department may grant preference to the earliest
12 filed application.

13 (g) To the extent practicable, the department shall attempt to complete a land
14 exchange under this section within 180 days after receiving a completed application
15 from an eligible individual.

16 (h) An eligible individual who applies for a land exchange under this section
17 shall comply with all applicable federal laws and regulations necessary to exchange a
18 land allotment awarded under 43 U.S.C. 1629g-1 with state land.

19 (i) In this section,

20 (1) "department" means the Department of Natural Resources;

21 (2) "eligible individual" has the meaning given in 43 U.S.C. 1629g-1.

22 * **Sec. 21.** AS 38.05.321(j) is repealed.

23 * **Sec. 22.** The uncodified law of the State of Alaska is amended by adding a new section to
24 read:

25 TEMPORARY GRANT PROGRAM FOR MEAT PROCESSING FACILITIES. (a)
26 The Department of Environmental Conservation shall establish a grant program by regulation
27 for the purpose of funding

28 (1) upgrades to a facility that is expected to operate under a program of state
29 inspection authorized under AS 17.20.017, added by sec. 3 of this Act;

30 (2) construction of a new facility that is expected to operate under a program
31 of state inspection authorized under AS 17.20.017, added by sec. 3 of this Act; and

1 (3) expansion of a facility that operates under a program of federal inspection
2 that plans to increase processing of meat from animals raised in the state.

3 (b) In administering the grant program established under (a) of this section, the
4 Department of Environmental Conservation

5 (1) shall develop criteria for awarding a grant and a process for applying for a
6 grant that includes requiring

7 (A) a grant applicant to submit a business plan that provides

8 (i) how the applicant will meet the criteria required by the
9 department to approve a grant under this section;

10 (ii) a timeline for the applicant to meet the upgrades,
11 construction, or expansion funded by the grant; and

12 (B) the department to

13 (i) approve an applicant's business plan before awarding a
14 grant;

15 (ii) visit an applicant's facility or the site of a facility proposed
16 by an applicant to be upgraded, constructed, or expanded with grant funds;

17 (2) shall

18 (A) award grants preferentially to support facilities that prioritize
19 seasonally feasible processing of meat from animals raised in the state; and

20 (B) require a recipient of a grant to report to the department on the use
21 of grant funds;

22 (3) may make grants of up to \$150,000 to an applicant whose business plan is
23 approved under this subsection for eligible expenses approved by the department;

24 (4) may make grants under this section until July 1, 2023.

25 (c) A recipient of a grant made under this section may use grant funds for costs
26 related to activities described in (a) of this section that are approved by the department,
27 including costs of technical assistance and the purchase of equipment.

28 (d) The department may charge an administrative fee to the recipient of a grant made
29 under this section to cover the department's costs of administering the temporary grant
30 program. The department

31 (1) shall deduct the fee from the grant funds provided to the recipient; and

1 (2) may not charge a recipient more than three percent of the amount of a
2 grant made to the recipient applicant under this section.

3 (e) The temporary meat processing facilities grant fund is established in the
4 department and consists of appropriations to the fund. Appropriations to the fund do not lapse.

5 (f) Except as otherwise provided by this section, if work on a project under (a) of this
6 section is not concluded by June 30, 2028, the grant recipient shall repay to the fund any
7 money not spent from the grant. Grant funds used for expenses that are not eligible under (c)
8 of this section or that are not accounted for in the recipient's business plan approved by the
9 department under (b) of this section must also be repaid to the fund. On and after July 1, 2023,
10 any money repaid by a grant recipient shall be deposited into the general fund.

11 * **Sec. 23.** The uncodified law of the State of Alaska is amended by adding a new section to
12 read:

13 TEMPORARY GRANT PROGRAM FOR FARM DEVELOPMENT AND
14 IMPROVEMENT. (a) The division of the Department of Natural Resources with
15 responsibility for agriculture shall establish a grant program by regulation for the purpose of
16 funding investments in agriculture to build resiliency in the state's food supply.

17 (b) In administering the grant program established under (a) of this section, the
18 Department of Natural Resources

19 (1) shall develop criteria for awarding a grant and a process for applying for a
20 grant that includes requiring

21 (A) a grant applicant to submit a business plan that provides

22 (i) how the applicant will meet the criteria required by the
23 department to approve a grant under this section;

24 (ii) a timeline for the applicant to meet the upgrades,
25 construction, or expansion funded by the grant; and

26 (B) the department to

27 (i) approve an applicant's business plan before awarding a
28 grant;

29 (ii) visit an applicant's farm, facility, or other site that would
30 receive funding under a grant made under this section;

31 (2) shall require a recipient of a grant to report to the department on the use of

1 grant funds;

2 (3) may make grants of up to \$150,000 to an applicant for eligible farm
3 development and improvement expenses approved by the department;

4 (4) may make grants under this section until July 1, 2023.

5 (c) Eligible expenses under (b)(3) of this section include expenses relating to

6 (1) clearing of land for agricultural purposes; and

7 (2) the purchase, building, installation, maintenance, or improvement of

8 (A) irrigation, drainage, and other water management systems;

9 (B) fencing, trellising, barns, greenhouses, or other farm buildings or
10 structures;

11 (C) agricultural processing and farm equipment, including milking and
12 pasteurization equipment;

13 (D) livestock, feed, seeds, fertilizer, and seasonal extension equipment;

14 and

15 (E) bees and beekeeping equipment.

16 (d) The department may charge an administrative fee to the recipient of a grant made
17 under this section to cover the department's costs of administering the temporary grant
18 program. The administrative fee

19 (1) shall be deducted from the grant funds provided to the recipient; and

20 (2) may not exceed three percent of the amount of a grant made under this
21 section.

22 (e) The temporary farm development and improvement grant fund is established in
23 the department and consists of appropriations to the fund. Appropriations to the fund do not
24 lapse.

25 (f) Except as otherwise provided by this section, if work on a project under (a) of this
26 section is not concluded by June 30, 2028, the grant recipient must repay to the fund any
27 money not spent from a grant received under this section. Grant funds used for expenses that
28 are not eligible under (c) of this section or that are not accounted for in a recipient's business
29 plan approved by the department under (b) of this section must also be repaid to the fund. On
30 and after July 1, 2023, any money repaid by a grant recipient shall be deposited into the
31 general fund.

1 * **Sec. 24.** The uncodified law of the State of Alaska is amended by adding a new section to
2 read:

3 TRANSITION: REGULATIONS. The Department of Environmental Conservation
4 and the Department of Natural Resources shall adopt regulations necessary to implement secs.
5 2, 3, 22, and 23 of this Act. The regulations take effect under AS 44.62 (Administrative
6 Procedure Act), but not before the effective date of the law implemented by the regulation.

7 * **Sec. 25.** Sections 22 and 23 of this Act are repealed January 1, 2029.

8 * **Sec. 26.** Sections 22 and 23 of this Act take effect January 1, 2023.

9 * **Sec. 27.** Except as provided in sec. 26 of this Act, this Act takes effect immediately under
10 AS 01.10.070(c).