

HOUSE BILL NO. 207

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-EIGHTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE FEIGE

Introduced: 4/12/13

Referred: Resources, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act establishing the Board of Agriculture, Conservation, and Development;**
2 **transferring the powers and duties of the Natural Resource Conservation and**
3 **Development Board to the Board of Agriculture, Conservation, and Development;**
4 **transferring to the Department of Commerce, Community, and Economic Development**
5 **the authority to approve loans from the agricultural revolving loan fund; terminating**
6 **the Natural Resource Conservation and Development Board; and providing for an**
7 **effective date."**

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

9 *** Section 1.** AS 03.09.010(a) is repealed and reenacted to read:

10 (a) The Board of Agriculture, Conservation, and Development is established
11 in the department, composed of 12 members as follows:

12 (1) nine voting members appointed by the governor and subject to
13 confirmation by the legislature in joint session as follows:

1 (A) six members who are engaged in commercial production
2 agriculture, including at least one member from each of the four judicial
3 districts in the state;

4 (B) one member who has general business or financial
5 experience;

6 (C) one member who is a district supervisor of a soil and water
7 conservation district established under AS 41.10.130(a) who is also engaged in
8 commercial production agriculture; and

9 (D) one member who has experience in the preparation,
10 storage, processing, or handling of food products;

11 (2) three ex officio nonvoting members as follows:

12 (A) the commissioner or the commissioner's designee;

13 (B) the commissioner of environmental conservation or the
14 commissioner of environmental conservation's designee; and

15 (C) the chancellor of the University of Alaska Fairbanks or the
16 chancellor's designee from the Cooperative Extension Service or the School of
17 Natural Resources and Agricultural Sciences.

18 * **Sec. 2.** AS 03.09.010(d) is repealed and reenacted to read:

19 (d) Notwithstanding AS 39.52.150(a), a person with a lease, permit,
20 installment contract, or loan under AS 03.10 or AS 38.05, or who has an immediate
21 family member or owns a business with a lease, permit, installment contract, or loan
22 under AS 03.10 or AS 38.05, may be appointed to the board. Notwithstanding
23 AS 39.52.150(a), a board member may apply for and receive a lease, permit,
24 installment contract, or loan under AS 03.10 or AS 38.05. However, that person may
25 not take or withhold any official action that affects the lease, permit, installment
26 contract, or loan of that person or an immediate family member who shares the same
27 household and financial resources with that person. A person with a lease, permit,
28 installment contract, or loan under AS 03.10 or AS 38.05, or who has an immediate
29 family member who shares the same household and financial resources with the
30 person or owns a business with a lease, permit, installment contract, or loan under
31 AS 03.10 or AS 38.05, may not be appointed to the board and may be removed from

1 the board if the person, or the person's immediate family member who shares the same
 2 household and financial resources of the person, or business, is in violation of the
 3 terms and conditions of the lease, permit, installation contract, or loan. In this section,
 4 "immediate family member" and "official action" have the meanings given in
 5 AS 39.52.960.

6 * **Sec. 3.** AS 03.09 is amended by adding a new section to read:

7 **Sec. 03.09.015. Powers of the board.** (a) The board shall

8 (1) advise the commissioner, the commissioner of environmental
 9 conservation, and the commissioner of fish and game on

10 (A) promotion, regulation, and protection of the agricultural
 11 and food industry to broaden the economic base of the state and to protect
 12 consumers;

13 (B) policy relating to

14 (i) agriculture;

15 (ii) land use;

16 (iii) resource conservation;

17 (iv) food safety and security;

18 (v) pesticides;

19 (vi) noxious and invasive plants;

20 (vii) animals and pests; and

21 (viii) animal care;

22 (2) consult with the director of the division of lands on modification to
 23 contracts for the sale or lease of agricultural land including waiving, postponing, or
 24 otherwise modifying the development requirements of a contract for the sale or lease
 25 of agricultural land if

26 (A) the land is inaccessible by road; or

27 (B) transportation, marketing, and development costs render
 28 the required development uneconomic;

29 (3) ensure the wise use of the state's natural resources through
 30 conservation of its soil and water;

31 (4) at the request of the commissioner, meet and advise the

1 commissioner in the exercise of the powers, duties, and functions of the
2 commissioner;

3 (5) receive and review reports concerning the use of soil resources of
4 the state;

5 (6) hold public hearings and meetings to determine whether land in the
6 state is being used in a manner consistent with sound soil and water conservation
7 practices;

8 (7) recommend specific action necessary to provide for the effective
9 and orderly development of agricultural, forest, and grazing land in the state;

10 (8) review an appeal by an applicant or lessee from a decision of the
11 director of the division of lands concerning a sale or lease of state agricultural or
12 grazing land and submit the board's recommendations to the commissioner or hearing
13 officer;

14 (9) advise and regulate the soil and water conservation districts in the
15 state;

16 (10) act in an advisory capacity to the commissioner and director of the
17 division of the department with responsibility for agriculture in the review of farm
18 conservation plans for all state agricultural land sales in the state;

19 (11) enter into agreements with private lending institutions, other state
20 agencies or agencies of the federal government, to carry out the purposes of this
21 chapter;

22 (12) collect the fees and collection charges established under this
23 chapter; and

24 (13) recommend to the University of Alaska Cooperative Extension
25 Service or School of Natural Resources and Agricultural Sciences programs and
26 activities that will further the promotion, regulation, and protection of the agricultural
27 and food industry, broaden the economic base of the state, and protect consumers.

28 * **Sec. 4.** AS 03.09.020(a) is amended to read:

29 (a) The director of the division of the department with responsibility for
30 agriculture shall serve as the director of the **board** [BOARD OF AGRICULTURE
31 AND CONSERVATION]. The director may employ staff and, as directed by the

1 board, is responsible for the overall management and policy [DAILY
2 OPERATIONS] of the agricultural revolving loan fund (AS 03.10.040).

3 * **Sec. 5.** AS 03.09.030 is amended to read:

4 **Sec. 03.09.030. Quorum.** Five voting members of the board [BOARD OF
5 AGRICULTURE AND CONSERVATION] constitute a quorum for the transaction of
6 business [OR THE EXERCISE OF A POWER OR FUNCTION AT A MEETING OF
7 THE BOARD].

8 * **Sec. 6.** AS 03.09.040(a) is amended to read:

9 (a) The board [BOARD OF AGRICULTURE AND CONSERVATION] may
10 adopt regulations under AS 44.62 (Administrative Procedure Act) to carry out its
11 duties, including regulations to establish reasonable fees for services provided and
12 charges for collecting the fees.

13 * **Sec. 7.** AS 03.09.050 is amended to read:

14 **Sec. 03.09.050. Agricultural land.** The board [BOARD OF AGRICULTURE
15 AND CONSERVATION] may recommend to the commissioner that land in the land
16 disposal bank established under AS 38.04.020 be classified as suitable for agriculture.
17 The board may identify state land for agricultural disposal and request the
18 commissioner to provide for the survey and disposal of the land.

19 * **Sec. 8.** AS 03.09 is amended by adding a new section to read:

20 **Sec. 03.09.090. Definitions.** In this chapter,

21 (1) "agriculture" includes farming, ranching, grazing, and storage or
22 control of crops or livestock, but does not include fishing, rearing of fish, or fisheries
23 products;

24 (2) "board" means the Board of Agriculture, Conservation, and
25 Development.

26 * **Sec. 9.** AS 03.10 is amended by adding a new section to read:

27 **Sec. 03.10.025. Loans.** (a) The department shall

28 (1) approve loans made from the agricultural revolving loan fund
29 (AS 03.10.040);

30 (2) adopt regulations

31 (A) establishing guidelines for approval of loans made under

1 AS 03.10;

2 (B) establishing guidelines for approval of emergency loans in
3 an amount not to exceed \$50,000; and

4 (C) outlining the process for foreclosure on a loan, and
5 collecting on liens against security for the loan; the regulations must include a
6 requirement that any security collected shall become property of the
7 agricultural revolving loan fund (AS 03.10.040) and be disposed of by the
8 board.

9 (b) The department may make a loan to an individual state resident farmer,
10 homesteader, or a partnership or corporation composed of farmers and homesteaders
11 for

12 (1) clearing land for agricultural purposes;

13 (2) development of farms;

14 (3) storage and processing of farm products;

15 (4) the purchase of livestock or machinery;

16 (5) storage and processing plants for agricultural products;

17 (6) the commercial production or processing of horticultural products

18 in the state;

19 (7) the commercial production or processing of animal feed in the

20 state; or

21 (8) the raising or care of animals in the state for the purpose of
22 marketing their fur;

23 (9) the commercial production or processing of lime products, or other
24 minerals products if at least 50 percent of the production or process is for agricultural
25 use; and

26 (10) the supply, sale, manufacture, or repair of equipment, if at least 50
27 percent of the supply, sale, manufacture, or repair of equipment is for agricultural use.

28 (c) In this section, "horticultural products" means vegetables, fruit plants,
29 grass seed, sod, tree seedlings, ornamental plants, foliage, or flowering plants, grown
30 in a greenhouse or nursery.

31 * **Sec. 10.** AS 03.10.030(a) is amended to read:

1 (a) A [THE] farm development, chattel, or irrigation loan made under this
2 chapter

3 (1) may not exceed a term of 30 years, except that a chattel loan may
4 not exceed a term of seven years;

5 (2) may not, when added to the outstanding balance of other loans
6 made under this chapter, exceed a total outstanding balance of \$1,000,000;

7 (3) shall be secured by a real estate or chattel mortgage of any priority,
8 except that the portion of a loan that exceeds \$500,000, when added to prior
9 indebtedness that is secured by the same property, must be secured by a first
10 mortgage;

11 (4) shall bear interest at a fixed rate comparable to that charged by
12 other agricultural lending institutions in the state for loans similar to those referred to
13 in this subsection.

14 * **Sec. 11.** AS 03.10.030(c) is amended to read:

15 (c) A short-term loan, to be amortized within one year, not to exceed \$350,000
16 to any one borrower may be made for operating purposes, except that a loan made
17 under this subsection may not exceed \$200,000 unless the loan is made to a borrower
18 in a farm disaster area declared under AS 03.10.058. The loan shall bear interest at a
19 fixed rate comparable to that charged by other agricultural lending institutions in the
20 state for loans similar to those referred to in this subsection. An applicant for a short-
21 term loan may be required to purchase insurance through the Federal Crop Insurance
22 Act (7 U.S.C. 1501 - 1520) as a condition of the loan. The term of a loan made under
23 this subsection may be extended for up to three years by the **department** [BOARD
24 OF AGRICULTURE AND CONSERVATION], in the discretion of the **department**
25 [BOARD], upon application by the borrower.

26 * **Sec. 12.** AS 03.10.030(e) is amended to read:

27 (e) An installment payment is delinquent unless it is received by the
28 **department** [BOARD OF AGRICULTURE AND CONSERVATION OR THE
29 DIRECTOR OF THE BOARD] on or before the 30th day after the date specified for
30 payment in the loan agreement. If an installment payment is delinquent, the
31 **department** [DIRECTOR OF THE BOARD] may assess a delinquency penalty.

1 * **Sec. 13.** AS 03.10.030(h) is amended to read:

2 (h) The **board** [BOARD OF AGRICULTURE AND CONSERVATION]
3 shall adopt regulations to establish other terms for loans made under this chapter,
4 consistent with the provisions of this section, and may establish interest rates for loans
5 under (a)(4) of this section that

6 (1) encourage agricultural development;

7 (2) do not subsidize nonviable agricultural enterprises; and

8 (3) do not discriminate against viable existing agricultural enterprises.

9 * **Sec. 14.** AS 03.10.033(a) is amended to read:

10 (a) To increase the return to the state, the **department** [BOARD OF
11 AGRICULTURE AND CONSERVATION] may restructure loans (1) in existence on
12 January 1, 1987, made by the former Agricultural Revolving Loan Fund Board or by
13 the former Alaska Agricultural Action Council based **on** [UPON] guidelines approved
14 by the **board** [BOARD OF AGRICULTURE AND CONSERVATION]; (2) of a
15 borrower in an area that has been declared a farm disaster area under AS 03.10.058; or
16 (3) of a borrower who has experienced an agricultural disaster based **on** [UPON]
17 regulations adopted by the **board** [BOARD OF AGRICULTURE AND
18 CONSERVATION]. Notwithstanding any other provision of law that relates to loan
19 terms, the restructuring may only include reduction of interest to a fixed rate not less
20 than five percent a year, an extension of the term of the loan, and an improvement to
21 the security interest of the state. It may not reduce the amount of principal and interest
22 owed before the loan is restructured.

23 * **Sec. 15.** AS 03.10.033(c) is amended to read:

24 (c) Notwithstanding any other provision of this section, the **department**
25 [BOARD OF AGRICULTURE AND CONSERVATION] may approve an application
26 for restructuring under this section only upon

27 (1) the applicant's written release of the state, including the University
28 of Alaska, from all potential liability for actions and omissions occurring before the
29 date of restructuring that relate in any way to a state farm project, land sale, land sale
30 relinquishment, farm loan, or loan application or loan modification application,
31 whether granted or denied by the state; and

1 (2) assignment by the applicant to the state [BOARD] of the proceeds
 2 from the federal government under 7 U.S.C. 1442 (Conservation Reserve Program)
 3 and P.L. 88-26 (Feed Grain Act of 1963), as amended, and other farm programs.

4 * **Sec. 16.** AS 03.10.033(d) is amended to read:

5 (d) If the department [BOARD] receives proceeds under (c)(2) of this section
 6 that exceed the amount owed and credited to the loan during the year, the department
 7 [BOARD] shall refund the extra proceeds to the applicant.

8 * **Sec. 17.** AS 03.10.035(a) is amended to read:

9 (a) A borrower may not use farm land for a nonfarm use or sell, lease, or
 10 otherwise dispose of farm land if that land is encumbered by a mortgage given to
 11 secure the payment of a loan under this chapter unless the borrower either

12 (1) pays the outstanding balance of the loan in a lump sum or under
 13 other terms agreed to by the department [BOARD OF AGRICULTURE AND
 14 CONSERVATION] that accelerate payment of the loan; or

15 (2) pays the outstanding principal balance for the remaining term of
 16 the loan at the prevailing rate of interest that is charged by commercial banks in the
 17 state during the calendar quarter in which the board receives notice of the change of
 18 use, sale, lease, or other disposal of the farm land.

19 * **Sec. 18.** AS 03.10.035(b) is amended to read:

20 (b) In this section, "nonfarm use" means a use of land other than for
 21 agricultural or related activities [THE PRODUCTION OF DOMESTICATED
 22 PLANTS AND ANIMALS USEFUL TO HUMANS], including production of forage
 23 and sod crops, grain and feed crops, fruits, vegetables, [AND] livestock, and related
 24 activities.

25 * **Sec. 19.** AS 03.10.040(b) is amended to read:

26 (b) Money in the fund may be used by the legislature to make appropriations
 27 for costs of administering this chapter [AND FOR OPERATIONS OF THE BOARD
 28 OF AGRICULTURE AND CONSERVATION].

29 * **Sec. 20.** AS 03.10.050(a) is amended to read:

30 (a) The board [BOARD OF AGRICULTURE AND CONSERVATION]
 31 shall administer the agricultural revolving loan fund. [A LOAN MAY NOT BE

1 MADE WITHOUT THE APPROVAL OF A MAJORITY OF THE BOARD,
 2 EXCEPT THAT EMERGENCY LOANS BASED UPON REGULATIONS
 3 ADOPTED BY THE BOARD AND NOT TO EXCEED \$50,000 MAY BE MADE
 4 UPON THE APPROVAL, BY MAJORITY VOTE, OF A COMMITTEE
 5 COMPOSED OF THE CHAIR OF THE BOARD, ANOTHER BOARD MEMBER,
 6 AND THE DIRECTOR OF THE BOARD.]

7 * **Sec. 21.** AS 03.10.050(e) is amended to read:

8 (e) To encourage the prompt payment of loans, the **department** [BOARD]
 9 may establish a program of credits for persons who have a loan from the agricultural
 10 revolving loan fund and maintain good financial standing. The credits may be applied
 11 against **not** [NO] more than two percentage points a year of the interest due on
 12 agricultural revolving loan fund loans.

13 * **Sec. 22.** AS 03.10.050 is amended by adding a new subsection to read:

14 (h) The board shall set interest rates on loans from the agricultural revolving
 15 loan fund established in AS 03.10.040. Interest rates may be set at a rate lower than
 16 other agricultural lending institutions for loans denied by other lenders for loans that
 17 fall within a particular geographic area or for an activity that is established by the
 18 board as a priority.

19 * **Sec. 23.** AS 03.10 is amended by adding a new section to read:

20 **Sec. 03.10.090. Definitions.** In this chapter,

21 (1) "agricultural" has the meaning given in AS 03.09.090;

22 (2) "board" has the meaning given in AS 03.09.090; and

23 (3) "department," notwithstanding AS 03.90.010, means the
 24 Department of Commerce, Community, and Economic Development.

25 * **Sec. 24.** AS 38.04.020(g) is amended to read:

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

29 (1) land designated as suitable for homestead disposal shall be
 30 classified and surveyed under this chapter and AS 38.05 and made available for
 31 staking and lease under AS 38.09;

1 (2) land designated as suitable for subdivision and homesite disposal
2 shall be surveyed, subdivided, classified, and disposed of under this chapter,
3 AS 38.05, and AS 38.08;

4 (3) land designated commercial, industrial, or suitable for other
5 disposal shall be sold under AS 38.05.055 or 38.05.057;

6 (4) land designated agricultural shall be disposed of under
7 AS 38.05.055 - 38.05.065, except the Board of Agriculture, [AND] Conservation, and
8 **Development** (AS 03.09.010) shall receive notice of each proposed disposal and be
9 given an opportunity to comment before the final disposal decision is made.

10 * **Sec. 25.** AS 38.04.030 is amended to read:

11 **Sec. 38.04.030. Land availability programs.** Programs that may be used by
12 the director to make the state's land surface available for private use under
13 AS 38.04.020 - 38.04.055 include sale of whole or partial rights to the fee simple
14 estate, including conveyance of agricultural use rights; leasing; open-to-entry;
15 homesiting; homesteading; permitting for construction and occupation of cabins in
16 isolated locations on land retained in state ownership; and other methods as provided
17 by law. However, agricultural use rights may be conveyed only after consulting with
18 the Board of Agriculture, [AND] Conservation, and Development.

19 * **Sec. 26.** AS 38.05.020(b) is amended to read:

20 (b) The commissioner may

21 (1) establish reasonable procedures and adopt reasonable regulations
22 necessary to carry out this chapter and, whenever necessary, issue directives or orders
23 to the director to carry out specific functions and duties; regulations adopted by the
24 commissioner shall be adopted under AS 44.62 (Administrative Procedure Act);
25 orders by the commissioner classifying land, issued after January 3, 1959, are not
26 required to be adopted under AS 44.62 (Administrative Procedure Act);

27 (2) enter into agreements considered necessary to carry out the
28 purposes of this chapter, including agreements with federal and state agencies;

29 (3) review any order or action of the director;

30 (4) exercise the powers and do the acts necessary to carry out the
31 provisions and objectives of this chapter;

1 (5) notwithstanding the provisions of any other section of this chapter,
 2 grant an extension of the time within which payments due on any exploration license,
 3 lease, or sale of state land, minerals, or materials may be made, including payment of
 4 rental and royalties, on a finding that compliance with the requirements is or was
 5 prevented by reason of war, riots, or acts of God;

6 (6) classify tracts for agricultural uses;

7 (7) after consulting with the Board of Agriculture, [AND]
 8 **Conservation, and Development** (AS 03.09.010), waive, postpone, or otherwise
 9 modify the development requirements of a contract for the sale of agricultural land if

10 (A) the land is inaccessible by road; or

11 (B) transportation, marketing, and development costs render
 12 the required development uneconomic;

13 (8) reconvey or relinquish land or an interest in land to the federal
 14 government if

15 (A) the land is described in an amended application for an
 16 allotment under 43 U.S.C. 1617; and

17 (B) the reconveyance or relinquishment is

18 (i) for the purposes provided in 43 U.S.C. 1617; and

19 (ii) in the best interests of the state;

20 (9) lead and coordinate all matters relating to the state's review and
 21 authorization of resource development projects;

22 (10) exercise the powers and do the acts necessary to carry out the
 23 provisions and objectives of AS 43.90 that relate to this chapter.

24 * **Sec. 27.** AS 38.05.035(b) is amended to read:

25 (b) The director may

26 (1) delegate the administrative duties, functions, or powers imposed **on**
 27 [UPON] the director to a responsible employee in the division;

28 (2) grant preference rights for the lease or purchase of state land
 29 without competitive bid in order to correct errors or omissions of a state or federal
 30 administrative agency when inequitable detriment would otherwise result to a diligent
 31 claimant or applicant due to situations over which the claimant or applicant had no

1 control; the exercise of this discretionary power operates only to divest the state of its
2 title to or interests in land and may be exercised only

3 (A) with the express approval of the commissioner; and

4 (B) if the application for the preference right is filed with the
5 director within three years from

6 (i) the occurrence of the error or omission;

7 (ii) the date of acquisition by the state of the land; or

8 (iii) the date of a court decision or settlement nullifying
9 a disposal of state land;

10 (3) grant a preference right to a claimant who shows bona fide
11 improvement of state land or of federal land subsequently acquired by the state and
12 who has in good faith sought to obtain title to the land but who, through error or
13 omission of others occurring within the three years before (A) the application for the
14 preference right, (B) the date of acquisition by the state of the land, or (C) the date of a
15 court decision or settlement nullifying a disposal of state land, has been denied title to
16 it; upon a showing satisfactory to the commissioner, the claimant may lease or
17 purchase the land at the price set on the date of original entry on the land or, if a price
18 was not set at that time at a price determined by the director to fairly represent the
19 value of unimproved land at the time the claim was established, but in no event less
20 than the cost of administration including survey; the error or omission of a predecessor
21 in interest or an agent, administrator, or executor that has clearly prejudiced the
22 claimant may be the basis for granting a preference right;

23 (4) sell land by lottery for less than the appraised value when, in the
24 judgment of the director, past scarcity of land suitable for private ownership in any
25 particular area has resulted in unrealistic land values;

26 (5) when the director determines it is in the best interest of the state
27 and will avoid injustice to a person or the heirs or devisees of a person, dispose of
28 land, by direct negotiation to that person who presently uses and who used and made
29 improvements to that land before January 3, 1959, or to the heirs or devisees of the
30 person; the amount paid for the land shall be its fair market value on the date that the
31 person first entered the land, as determined by the director; a parcel of land disposed

1 of under this paragraph shall be of a size consistent with the person's prior use, but
2 may not exceed five acres;

3 (6) after consulting with the Board of Agriculture, [AND]
4 Conservation, and Development (AS 03.09.010), dispose of an interest in land
5 limited to use for agricultural purposes by lottery;

6 (7) convey to an adjoining landowner for its fair market value a
7 remnant of land that the director considers unmanageable or a parcel of land created
8 by a highway right-of-way alignment or realignment, or a parcel created by the
9 vacation of a state-owned right-of-way if

10 (A) the director determines that it is in the best interests of the
11 state;

12 (B) the parcel

13 (i) does not exceed the minimum lot size under an
14 applicable zoning code; or

15 (ii) is smaller than 20 acres and is completely enclosed
16 by property owned by the adjacent landowner; and

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

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

24 (9) quitclaim land or an interest in land to the federal government on a
25 determination that the land or the interest in land was wrongfully or erroneously
26 conveyed by the federal government to the state;

27 (10) negotiate the sale or lease of state land at fair market value to a
28 person who acquired by contract, purchase, or lease rights to improvements on the
29 land from another state agency or who leased the land from another state agency.

30 * **Sec. 28.** AS 38.05.057(c) is amended to read:

31 (c) The commissioner, after consulting with the Board of Agriculture, [AND]

1 Conservation, and Development (AS 03.09.010), may adopt regulations under
 2 AS 44.62 (Administrative Procedure Act) [THE ADMINISTRATIVE
 3 PROCEDURE ACT (AS 44.62)] that specify qualifications for lottery participants
 4 different from those specified in (b) of this section if

5 (1) an interest in land limited to agricultural purposes is to be sold
 6 under (a) of this section;

7 (2) the sale is a part of a program to develop agricultural land as a
 8 renewable resource of the state; and

9 (3) the regulations include residency, skill, experience, and financial
 10 requirements necessary to qualify persons who are competent and financially able to
 11 develop the land as a successful agricultural enterprise.

12 * **Sec. 29.** AS 38.05.059 is amended to read:

13 **Sec. 38.05.059. Sale of agricultural land.** The commissioner, after consulting
 14 with the Board of Agriculture, [AND] Conservation, and Development
 15 (AS 03.09.010), may provide for the sale of land classified under AS 38.05.020(b)(6)
 16 for agricultural uses in parcels or tracts described by aliquot parts. The parcels or tracts
 17 are subject to state subdivision requirements and municipal ordinances. Money from a
 18 sale of agricultural land shall be separately accounted for and may be appropriated to
 19 the agricultural revolving loan fund (AS 03.10.040).

20 * **Sec. 30.** AS 38.05.065(h) is amended to read:

21 (h) The commissioner, after consulting with the Board of Agriculture, [AND]
 22 Conservation, and Development (AS 03.09.010),

23 (1) shall provide that, notwithstanding (a) and (b) of this section, in a
 24 contract for the sale of land classified under AS 38.05.020(b)(6) for agricultural uses,
 25 the interest rate to be charged on installment payments may not exceed 9.5 percent;
 26 and

27 (2) may declare a moratorium of up to five years on payments on land
 28 sold under this section for land classified under AS 38.05.020(b)(6) for agricultural
 29 uses if

30 (A) the commissioner determines that the moratorium is in the
 31 best interest of the state;

1 (B) the commissioner certifies and the contract purchaser
 2 agrees to perform farm development, crop production, and harvesting, not
 3 including land clearing or related activity, requiring the expenditure of
 4 amounts equivalent to the payments that would otherwise be made during the
 5 moratorium;

6 (C) the sale of the agricultural land takes place after July 1,
 7 1979; and

8 (D) the contract purchaser is in compliance with the
 9 development plan specified in the purchase contract at the time the purchaser
 10 applies for a moratorium under this paragraph and remains in compliance with
 11 the development plan during the moratorium; for the payments subject to the
 12 moratorium declared under this paragraph, interest payments are subject to the
 13 moratorium but interest continues to accrue during the moratorium.

14 * **Sec. 31.** AS 38.05.069(a) is amended to read:

15 (a) After consulting with the Board of Agriculture, ~~[AND] Conservation,~~ **and**
 16 **Development** (AS 03.09.010), on a determination that the highest and best use of
 17 unoccupied land is for agricultural purposes and that it is in the best interests of the
 18 state to sell or lease the land, the commissioner shall grant to an Alaska resident
 19 owning and using or leasing and using land for agricultural purposes a first option to
 20 purchase or lease the unoccupied land situated adjacent to land presently held by the
 21 Alaska resident for the amount of the high bid received at public auction or by sealed
 22 bid. If more than one Alaska resident qualifies for a first option under this section,
 23 eligibility for the first option shall be determined by lot, and the option must be
 24 exercised on the conclusion of the public auction or opening of sealed bids. A parcel
 25 of agricultural land sold under this section may not be less than 20 acres, and a parcel
 26 of agricultural land that is acquired by exercise of the option granted in this subsection
 27 may not exceed 320 acres. Agricultural land that is acquired under this section must be
 28 used for agricultural purposes as required by law.

29 * **Sec. 32.** AS 38.09.010(a) is amended to read:

30 (a) The commissioner shall designate and make available for homestead entry
 31 state land, including, after consulting with the Board of Agriculture, ~~[AND]~~

1 Conservation, **and Development** (AS 03.09.010), land classified for agricultural use.
 2 State land made available for homestead entry under this chapter shall be distributed
 3 throughout the state.

4 * **Sec. 33.** AS 39.50.200(b)(56) is amended to read:

5 (56) Board of Agriculture, **[AND] Conservation, and Development**
 6 (AS 03.09.010);

7 * **Sec. 34.** AS 41.10.140(1) is amended to read:

8 (1) "board" means the **Board of Agriculture, Conservation, and**
 9 **Development established under AS 03.09.010** [ALASKA NATURAL RESOURCE
 10 CONSERVATION AND DEVELOPMENT BOARD];

11 * **Sec. 35.** AS 03.10.020, 03.10.050(b); AS 41.10.040, 41.10.045, 41.10.050, 41.10.060,
 12 41.10.065, 41.10.070, 41.10.075, 41.10.080, 41.10.090, and 41.10.100 are repealed.

13 * **Sec. 36.** The uncodified law of the State of Alaska is amended by adding a new section to
 14 read:

15 TRANSITION: TERMS AND INITIAL APPOINTMENTS. (a) Notwithstanding
 16 AS 03.09.010(a), the terms of the current members of the Board of Agriculture and
 17 Conservation expire on January 31, 2015. A person whose term expires on January 31, 2015,
 18 is eligible for appointment under AS 03.09.010(a) to a term beginning February 1, 2015.
 19 Notwithstanding AS 03.09.010(b), a member of the Board of Agriculture and Conservation
 20 whose term expires on January 31, 2015, and who is appointed under this subsection may
 21 serve two successive terms on the Board of Agriculture, Conservation, and Development.

22 (b) A member of the Natural Resource Conservation and Development Board on
 23 January 31, 2015, is eligible for appointment to the Board of Agriculture, Conservation, and
 24 Development if the member otherwise meets the requirements of AS 03.09.010(a). A member
 25 who is appointed to the board under this subsection may serve two successive terms on the
 26 Board of Agriculture, Conservation, and Development.

27 (c) Notwithstanding the effective date in sec. 39 of this Act, the governor may make
 28 the initial appointments to the Board of Agriculture, Conservation, and Development, but a
 29 member under this subsection may not take office until February 1, 2015.

30 (d) Notwithstanding AS 03.09.010(b), the terms of the members of the Board of
 31 Agriculture, Conservation, and Development whose terms begin on February 1, 2015, are as

1 follows:

- 2 (1) three members serve for three years;
3 (2) three members serve for two years; and
4 (3) three members serve for one year.

5 * **Sec. 37.** The uncodified law of the State of Alaska is amended by adding a new section to
6 read:

7 TRANSITION: REGULATIONS. The Department of Commerce, Community, and
8 Economic Development and the Department of Natural Resources may adopt regulations
9 necessary to implement the changes made by this Act. The regulations take effect under
10 AS 44.62 (Administrative Procedure Act), but not before January 31, 2015.

11 * **Sec. 38.** Sections 36(d) and 37 of this Act take effect immediately under AS 01.10.070(c).

12 * **Sec. 39.** Except as provided in sec. 38 of this Act, this Act takes effect January 31, 2015.