



## Fact Sheet: State Land Exchanges

The state authority for land exchanges was created by the legislature in 1976, when it passed Alaska Statute 38.50. Soon after, regulation (11 AAC 67) further explained state land exchange procedures. The state has completed land exchanges that range in size from a small private inholding in a state park to a complex exchange involving hundreds of acres of land. Note: The state can exchange land with boroughs and municipalities under separate authority found in AS 29.65.090.

### Why does the state exchange land?

Exchanges allow the state to consolidate its land holdings and create ownership and land use patterns that allow for more effective management of the state's public land and programs.

### Who can be a party to an exchange?

The state can exchange land with anyone. The most frequent participants in exchanges are federal agencies and native corporations. Usually, these exchanges are done to create more manageable land ownership patterns.

### How are the values of the exchanged properties established?

The value of land exchanged is established by appraisers using standard and professional rules. The appraisers establish a fair market value for all land or interests to be included in the exchange. The appraisals may be used for up to one year after they have been approved by the Department of Natural Resources.

The value the state receives in exchange must be equal to or more than the fair market value of the state land exchanged. An exchange for less than the value of the state land can be made only if the Division of Mining, Land & Water Director determines that the total value of public benefits received in land or interest, plus the appraised fair market value is higher than the value of the property the state is relinquishing.

The legislature reviews exchanges when the state receives less than appraised fair market value or where the fair market value of state land exceeds \$5,000,000.

### How can I apply for land exchange with the state?

Submit an application to the Division of Mining, Land and Water. The application must include proof of ownership of the land offered and a description of the public benefit to be gained by the state from the exchange. A \$600 filing fee must accompany the application.

### What happens next?

Exchanges are adjudicated by the Division of Mining, Land & Water.

The basic procedure is as follows:

1. The department reviews the exchange proposal and decides whether it is in the public interest. A written response is sent within 60 days of receipt of the application.
2. If the department decides there is a public interest, a "preliminary land exchange agreement" is negotiated with the applicant. An agreement includes:
  - a) description of land owned by each party that is included in the proposal and any improvements on the land;
  - b) a description of the benefits to be gained by each party from the exchange;
  - c) a summary of appraisal, survey and cost responsibility;
  - d) a time table for exchange actions;
  - e) a commitment by each party to examine its land and identify unauthorized entries and third-party interests; and
  - f) a ban against new third party interests on the land to be exchanged.
3. Next, other state agencies review the proposal. After that, a preliminary decision and public notice is issued. Public hearings may follow.
4. Because the state keeps the minerals for all land it sells or exchanges, it may place a mineral closing order on the state land that is offered in exchange. That way, the party receiving the state land has full use of the land's surface.
5. After the public notice period is complete, if the proposal is still found to be in the state's best interest, a final finding and decision is issued (FFD). Following any stipulations contained in the FFD, a

final exchange agreement is negotiated and executed. This agreement contains the final details of the exchange, including such things as the identification of any taxes and assessments owed on the property; easements, reservations, or other title encumbrances to be reserved in the final conveyance documents.

**For additional information contact:**

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