

Fact Sheet



Division of Mining, Land & Water
January 2001

Title: Leasing State Land

This fact sheet tells how to lease the surface of state land for general purposes such as a warehouse, a dock or a farm. It does not include specialized leases, such as those for common-carrier pipelines, commercial recreational facilities, setnet fishing sites, aquatic farmsites, or leases to public or non-profit entities. Nor does it include leases for non-public domain land such as state parks, University land, and Alaska Railroad land. State land includes state-owned tide lands (land between mean high and mean low tides), submerged lands (three miles out from mean low tide) and shoreland (land covered by non-tidal water considered to be navigable under federal law).

For what purpose can a land lease be issued?

Land leases can be issued for almost any commercial, industrial, or agricultural use. However, the state does not normally lease land for residential or private recreational use; instead, it offers this type of land for outright purchase through the land disposal program. One exception is state tidelands, which the state cannot sell, but it can issue permits or leases for private floathouse sites.

How do I apply?

You can submit a state lease application form to the Department of Natural Resources' Division of Mining, Land & Water office nearest the site you want to lease. You are also required to submit a development plan, a clear statement of the intended use of the property, a USGS map showing the location of the property, and a copy of any applicable license with your application. You will also need to fill out an Environmental Risk Assessment questionnaire stating whether you propose to use any hazardous chemicals or store fuel at the site. If the area you want to lease is within the coastal zone you will have to fill out an Alaska Coastal Management Program questionnaire, also available from Department of Natural Resources' Division of Mining, Land & Water offices. Lease applications for tidelands must also include the names and addresses of adjacent upland owners.

What is a development plan?

A development plan describes in detail the intended use of the land and the timetable for its development. The plan should also describe the type and location of any planned structures, and include a scale drawing of them. Access, water and power sources, and fuel storage areas must be described. The development plan must also explain the intended solid waste and wastewater disposal methods.

This information is needed to determine the size of the proposed leasehold, the lease term and conditions, and the level of bonding and insurance required to protect the state's interests. If your plan does not give enough information to make these decisions, you will be asked to supply additional information, which could delay your application process.

What happens after I apply?

There are a number of steps in leasing state land. If the land is unclassified, a plan must be adopted and classification issued. The lease proposal itself must go through agency, public, and possibly coastal management review. If the lease is approved, the land may have to be surveyed and appraised. If the lease is issued competitively, a notice of the offering must be published, and an auction held.

You should initiate the leasing process at least one year in advance of the date you need the lease. Lease applications are generally processed in the order they are received, and there has been a backlog in recent years. In some rare circumstances, after most of the process is complete, the applicant may be allowed to begin developing the property before a lease is actually issued.

Can I get a lease without having to bid for it at auction?

Yes, under certain circumstances. If the fair-market-value annual rental is less than \$5,000, a short-term lease can be issued to the applicant without public auction. Certain preference right laws (e.g. for upland owners wishing to lease adjacent tidelands for certain purposes, or holders of U.S. Forest Service permits when the Forest Service land is transferred to the state) also allow qualified individuals to get a lease without competitive bidding. Other leases are offered at public auction.

For how long can the land be leased?

Short-term leases are defined by state law as 10 years or less. If such a lease is issued non-competitively, it cannot be renewed. However, you may apply for another lease before your lease expires. The new application must go through the entire process again.

The term for competitive leases cannot exceed 55 years, but it would be unusual to get a lease for such a long period. When determining the length of the lease term within that 55-year maximum, state land managers consider the use for which the land is to be leased and how long it will take to amortize the cost of the lessee's improvements. Also, land plans often specify lease term limits.

Holders of competitive leases may be offered a preference right (the right to a new lease or sale without competition) if the state decides to issue another lease or sell the property at the end of the lease term.

Is there a maximum lease size?

There is no limit to what may be applied for, but the size of the lease parcel is generally limited to the smallest amount of land needed for the proposed use. The size of non-competitive leases may also be limited by the value of the land being leased.

What does it cost to lease state land?

It costs \$100 to apply for a lease. If the lease is issued non-competitively (without an auction), the applicant is expected to pay for the cost of legal notices regarding the lease, and to arrange and pay for any necessary land survey and appraisal. If an auction is held, survey and appraisal costs paid in advance are usually refundable. It is also likely that you will be required to post a bond and/or acquire insurance. You may want to discuss these non-rental costs with Division of Mining, Land & Water staff at the time you apply for a lease. These costs can sometimes be substantially more than the annual lease rental.

Lease rental is dependent upon a fair-market-value appraisal. If the lease is issued to the applicant without a public auction, the appraisal sets the rental rate. If the lease is competitive, bidding begins at the appraised price.

Can I transfer or sublet my lease?

Yes, with department approval. The person receiving the lease must be eligible to participate in the program under which the lease was issued, and the lease must be in good standing.

Where can I get more information?

Application forms and additional information are available at the offices listed below. Fact sheets on other leasing programs such as Aquatic Farming, Shore Fisheries Development, and Commercial Recreational Leasing are also available at these offices.

Department of Natural Resources
Public Information Center
550 West 7th Ave, Suite 1260
Anchorage, AK 99501
Telephone: 907-269-8400
Fax: 907-269-8901
TDD: 907-269-8411

Division of Mining, Land & Water
Southeast Regional Office
400 Willoughby Avenue 4th Floor
Juneau, AK 99801
Telephone: 907-465-3400
Fax: 907-586-2954

Division of Mining, Land & Water
Northern Regional Office
3700 Airport Way
Fairbanks, AK 99709
Telephone: 907-451-2705
Fax: 907-451-2706
TDD: 907-451-2770