



# United States Department of the Interior



## BUREAU OF LAND MANAGEMENT

Alaska State Office

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In Reply Refer To:

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January 23, 2012

Instruction Memorandum No. AK-2012-008

Expires: 9/30/2013

To: All Employees

From: State Director

Subject: Procedures for Depositing Land Use Revenue Received on Selected Lands and Processing Escrow Disbursements

**Program Area:** Alaska Land Transfer; Escrow and Disbursement of Funds for Funds Received from Revenue-Generating Cases on Lands Selected by the State of Alaska (State) under the Alaska Statehood Act or by Native Corporations or Individuals under the Alaska Native Claims Settlement Act (ANCSA).

**Purpose:** This Instruction Memorandum defines the escrow process and provides steps to follow to ensure funds received from revenue-generating cases on selected lands are promptly and properly deposited into the appropriate escrow account upon receipt and disbursed in a like manner upon conveyance of the land to the State of Alaska, Native corporation or individual.<sup>1</sup>

**Policy/Action:** Collection Officers will immediately deposit funds received from revenue-generating cases, on State-selected or ANCSA selected lands, into the respective escrow accounts established for that purpose. Upon conveyance of selected land, escrow funds will be disbursed appropriately.

**Timeframe:** Effective immediately.

**Budget Impact:** None.

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<sup>1</sup> Sec. 14(h)(5) of ANCSA authorized Native primary places of residence for individuals. These are *not the same as* and should not be confused with Native allotments (to which these escrow provisions do not apply).

**Manual/Handbook Sections Affected:** Escrow Accounting System User Handbook (Draft) – Bureau of Land Management – Alaska

**Coordination:** AK9600 and AK9500

**Background:** As required by law “. . . any and all proceeds derived from contracts, leases, permits, rights-of-way, or easements pertaining to lands or resources of lands withdrawn for Native selection pursuant to the Settlement Act shall be deposited in an escrow account which shall be held by the Secretary until lands . . . have been conveyed to the selecting corporation or individual entitled to receive benefits under such Act. As such withdrawn or reserved lands are conveyed, the Secretary shall pay from such account the proceeds, together with interest . . . to the appropriate corporation or individual entitled to receive benefits under the Settlement Act.”<sup>2</sup>

Regarding State-selected lands, the law requires “on or after the date of enactment of this Act, 90 per centum of any and all proceeds derived from contracts, licenses, permits, rights-of-way, or easements or from trespasses originating after the date of selection by the State shall be held by the Secretary until such lands have been tentatively approved or patented to the State. As such lands are conveyed, the Secretary shall pay to the State from such account the proceeds allocatable to such lands which are derived from contracts, leases, licenses, permits, rights-of-way, easements, or trespasses.”<sup>3</sup>

The catch-all term “escrow” means money generated by contracts, leases, licenses, permits, rights-of-way, easements, or trespass on lands selected by Native corporations or individuals and the State of Alaska, which is held in a Treasury account until those lands are conveyed. Escrow is part of BLM’s administrative duties under interim management, “interim” being the period of time between withdrawal for selection and conveyance.

**BLM’s Role in Native and State Escrow:** BLM identifies funds generated by revenue-producing case types on lands selected by Native corporations or individuals under ANCSA or by the State under the Statehood Act, and deposits or transfers those funds to the Bureau of Indian Affairs’ escrow account or the State escrow account respectively. Upon conveyance of the land, BLM initiates disbursement of the funds and transfers jurisdiction or waives administration of the contract, lease, license, permit, right-of-way, or easement to the land owner.

#### Basic Steps in the Escrow Process:

1. When funds are received for any revenue-generating case (contracts, licenses, permits, rights-of-way, easements or trespass),<sup>4</sup> determine whether any of the land involved is selected by a Native corporation or individual or the State of Alaska.

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<sup>2</sup> Sec. 2(a), Public Law 94-204, as amended by Sec. 1411 of the Alaska National Interest Lands Conservation Act (ANILCA), Public Law 96-487; Sec. 14(g) of ANCSA.

<sup>3</sup>Sec. 906(k)(2) of ANILCA.

<sup>4</sup> Note that processing fees related to trespass will be retained by BLM.

2. If the land is selected, the funds received must be immediately deposited into an escrow account to be held for the prospective land owner (State of Alaska, Native corporation, or individual):
  - a) Fund Code for the escrow account on lands selected by the State of Alaska is 14X6801.
  - b) Fund Code for the escrow account on lands selected by a Native corporation or individual is 14F3885.
  
3. Disbursement of escrow funds will be initiated by AK9620 (Resolution Specialist responsible for escrow) in the BLM Alaska State Office upon conveyance of lands to the State of Alaska, Native corporation or individual. Steps for escrow disbursement are as follows:
  - a) Determine whether the conveyed land includes any revenue-generating cases.
  - b) For each revenue-generating case, issue a memorandum documenting the escrow funds to be disbursed, as follows:
    - i. For State lands, the memorandum will be addressed to AK9520. Include both the revenue-generating file and selection file in the In Reply Refer To: block. Ninety percent (90%) of the escrowed funds received after the date of selection by the State of Alaska will be disbursed<sup>5</sup>.
    - ii. For ANCSA lands, the memorandum will be addressed to the Office of Special Trustee for American Indians, Chief, Branch of Trust Fund Accounting, Bureau of Indian Affairs, 4400 Masthead St., NE, Albuquerque, New Mexico 87109, with a courtesy copy to AK9520 (Accountant). One hundred percent (100%) of the escrowed funds and accrued interest will be disbursed.
    - iii. If the funds received for the revenue-generating cases were not originally deposited into escrow (fund symbol 14X6801 for State-selected and 14F3885 for Native-selected land), a transfer accounting advice must be e-mailed to AK9520, requesting the funds be transferred into the appropriate escrow account in preparation for disbursement of the funds.
  - c) For State lands, disbursement of the identified funds is handled in the Collections and Billings System (CBS). Prior to authorizing the funds for disbursement in CBS, change the revenue case customer name to State of Alaska, so the disbursement checks will be issued to the State of Alaska, rather than the original remitter. This quirk applies to CBS only. Name change and authorization of disbursement in CBS is done by AK9620.
  - d) When the disbursement has been authorized in CBS by AK9620, AK9520 will review and approve authorization of the disbursement. A check will then be issued from the BLM National Operations Center (NOC) to the State. When the disbursement has been approved in CBS, AK9520 will notify AK9620 (Resolution Specialist responsible for

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<sup>5</sup> Sec. 906(k)(2) of ANILCA (94 Stat. 2441).

escrow), who will send an e-mail containing the revenue case file number, State selection case file number and amount being disbursed to the State of Alaska (Realty Services Section Chief), so the State is aware the funds are coming and can identify and process them properly when they are received.

- e) For ANCSA lands, disbursement of funds to the Native corporation or individual will be done by the Branch of Trust Fund Accounting, Bureau of Indian Affairs, Albuquerque, New Mexico.
4. A courtesy copy of all conveyance documents for lands that have revenue-generating cases is sent to the appropriate field office. The appropriate field office will issue a transfer of jurisdiction, succession of interest or waiver of administration to the new land owner, with a copy to the revenue case holder. The field office will include a copy of the revenue-generating case file with the transfer of jurisdiction, succession of interest or waiver of administration. If escrow has not yet been disbursed, the field office will send the case file to AK9620, Resolution Specialist – Escrow; for escrow disbursement. Upon completion of escrow disbursement the revenue-generating case file will be closed.

If the transfer of jurisdiction/succession of interest/waiver of administration has not been completed by the time of escrow disbursement, AK9620 will issue a memorandum to the affected field office, as notification that disbursement of the escrow funds have been authorized and action is needed. Transfer of jurisdiction/succession of interest/waiver of administration should be completed no later than 2 weeks from the time of escrow disbursement. As escrow funds will have already been disbursed in this scenario, the revenue-generating case file will be closed by the field office upon issuance of the transfer of jurisdiction/succession of interest/waiver of administration.

#### Alaska Land Information System (ALIS)

ALIS must be updated as actions occur. The Escrow Accounting Subsystem is no longer being updated. The ALIS escrow codes are as follows and are most often input by AK9620 or input to CBS by AK9520, which transfer to ALIS:

#### ANCSA

- 931 - Escrow Funds Released - Pre-76 (ANCSA)
- 932 - Escrow Funds Released - Post-76 (ANCSA)
- 955 - Escrow ID Completed – ANCSA
- 983 - Escrow – No State/ANCSA
- 985 - Escrow Money Transferred
- 986 - Escrow Funds Due – Pre-76 (ANCSA)
- 987 - Escrow Funds Due – Post-76 (ANCSA)

State

933 - Escrow Payment Authorized - State

954 - Escrow ID Completed – State

983 - Escrow – No State/ANCSA

985 - Escrow Money Transferred

988 - Escrow Funds Due - State

994 - Escrow Review Completed - State

**Contact:** If you have any questions or need more information, please contact Lorri Denton at 907-271-4401 or Janice Hern at 907-271-5774.

Signed by:  
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