Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version: HB 115
Fiscal Note Number:
() Publish Date:

Identifier: HB115-DNR-MLW-2-23-15
Title: TRANSFER FEDERAL LAND TO STATE; DISPOSAL
Sponsor: CHENAULT
Requester: House Resources Committee

Department: Department of Natural Resources
Appropriation: Land & Water Resources
Allocation: Mining, Land & Water
OMB Component Number: 3002

Expenditures/Revenues
Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2016 Appropriation Requested	Included in Governor's FY2016 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY 2016**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**
Personal Services	***		***	***	***	***	***
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	***	**0.0**	***	***	***	***	***

Fund Source (Operating Only)

None							
Total	***	**0.0**	***	***	***	***	***

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							

Estimated SUPPLEMENTAL (FY2015) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2016) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS
Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed? N.A

Why this fiscal note differs from previous version:

Not applicable. Initial Version.

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Division: Mining, Land & Water Date: 02/23/2015 05:00 PM
Approved By: Mark Meyers, Commissioner Date: 02/23/15
Agency: Department of Natural Resources

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

BILL NO. HB115

Analysis

This analysis assumes that the bill would be successful at least in part in getting the federal government to convey public lands to the state as stated in Section (a). Section (c) of the bill requires the state to accept title to lands conveyed by the Federal Government. If successful, this bill could more than double state ownership of acreage assets (currently about 100 million acres) and, depending on the kinds of federal lands included in the transfer, potentially increase state acreage even more than that. Receiving the Bureau of Land Management, US Fish and Wildlife Service, and US Forest Service managed federal lands, without considering the submerged land, would increase land owned or managed by the state by approximately 166 million acres.

Once title has been accepted, the state and not the Federal government would assume the costs for managing the conveyed lands. These costs are unknown and could be significant. Considering the existing staff and cost it takes to manage the existing state lands, this significant increase of land ownership could require a correspondingly significant increase of staff and expense to manage the new lands.

In addition, under section (c), it appears that the federal government could convey all of its contaminated sites and the state **would be required to** accept title to the lands by law. If the bill is not amended to allow the state to choose which lands to accept from the federal government, then the state would be required to accept the liabilities and costs of the problems with the land conveyed. This would result in potentially unlimited costs for liability and cleanup on these lands for the state (which has largely been deferred by the federal government to date).

Further, Section (b)(2) requires the state to pay to the federal government various shares of the proceeds the state may receive from the sale or other disposal of interests in the lands conveyed under the bill. Currently the state receives payments for various shares of mineral revenues the federal government receives on these land, (90% of uplands mineral revenues and 27% of revenues from outer continental shelf submerged lands out to 6 miles from mean high water). The state currently does not receive any share of federal revenues from non-mineral disposals. It is unclear what additional revenues that could be gained with the new lands (although in some areas these revenues may be quite significant), and how these revenues, after the federal payments, would compare to the associated management costs.

In addition, the bill may require new revenue sharing with the federal government. The bill proposes to share 50% of all non-mineral leasing revenues and 10% of all mineral leasing revenues of the transferred lands. These provisions of the bill might amount to large payments to the federal government.

Additionally, it seems possible that a small portion of the lands received under section (a)(2) would otherwise be part of the Statehood Entitlement. This could result in revenue-sharing type payments to the federal government revenues from lands that would otherwise be received under Statehood Entitlement. We recommend the bill be modified to ensure that the revenue sharing provisions do not apply to lands that otherwise may be conveyed as part of our statehood land entitlement.