

Fiscal Note

State of Alaska
2019 Legislative Session

Bill Version: HB 3
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB00CS3SS-DNR-DMLW-04-24-19
Title: STATE LAND SALE; PFD VOUCHER AND
ASSIGN.
Sponsor: RAUSCHER
Requester: House Resources

Department: Department of Natural Resources
Appropriation: Fire Suppression, 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)

	FY2020 Appropriation Requested	Included in Governor's FY2020 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2020	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

1153 State Land (DGF)	(21.4)		(21.4)	(21.4)	(21.4)	(21.4)	(21.4)
Total	(21.4)	0.0	(21.4)	(21.4)	(21.4)	(21.4)	(21.4)

Estimated SUPPLEMENTAL (FY2019) cost: 0.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2020) cost: 0.0 (separate capital appropriation required)

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - 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? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 09/01/20

Why this fiscal note differs from previous version/comments:

The fiscal note is revised to reflect changes made to the bill in the House Resources Committee. It also clarifies the impact on revenue of increasing the current 25 percent veterans' discount on land sales to one third.

Prepared By:	Marty Parsons, Director	Phone:	(907)269-8625
Division:	Mining, Land & Water	Date:	04/24/2019 06:30 PM
Approved By:	Fabienne Peter-Contesse, Administrative Services Director	Date:	04/24/19
Agency:	Office of Management and Budget		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2019 LEGISLATIVE SESSION

BILL NO. CSSSHB 3

Analysis

Currently, an eligible veteran is entitled to receive a once-in-a-lifetime 25 percent discount on the purchase price of state land that is classified for other than commercial or industrial use.

This legislation revises this to a once-in-a-lifetime, one-third discount to veterans on the purchase of state land under Title 38.

On average, DNR has sold 84 parcels of state land per year, at an average price of \$18.3. DNR receives an annual average of \$1,537.2 revenue from the sale of state land, which is deposited into the Land Disposal Income Fund (LDIF) for future land sale development.

Over 19 years of tracking the existing 25 percent veteran's discount, veterans have purchased an average of 14 parcels of state land a year. DNR assumes the application rate for purchase of land using the larger veteran's discount will be approximately the same. Veterans who have previously used the 25 percent discount would not be eligible for the one-third discount.

The existing veteran's discount currently reduces DNR's LDIF revenue by:

$$\begin{array}{r} 14 \text{ parcels per year} \\ \times \$18.3 \text{ average value of land sold per year} \\ \times \underline{1/4 \text{ discount per parcel sold}} \\ \$64.00 \text{ existing loss of LDIF revenue per year} \end{array}$$

The increased veteran's discount will reduce DNR's LDIF revenue by:

$$\begin{array}{r} 14 \text{ parcels per year} \\ \times \$18.3 \text{ average value of land sold per year} \\ \times \underline{1/3 \text{ discount per parcel sold}} \\ \$85.4 \text{ forecasted loss of LDIF revenue per year} \end{array}$$

DNR estimates that adopting the larger veteran's discount would result in a net increased loss of LDIF revenue of \$21.4 per year:

$$\begin{array}{r} (\$85.4 \text{ increased loss of LDIF revenue per year} - \$64.00 \text{ existing loss of LDIF revenue per year} = \\ \$21.4 \text{ net increased loss of LDIF revenue per year}) \end{array}$$

The bill also proposes to allow individuals who use an electronic application to apply for and receive a current year Permanent Fund Dividend (PFD) to assign to the Department of Natural Resources (DNR) either all or a portion of the PFD to apply as a single payment to the balance owed on a property being purchased through DNR, less an administrative fee. This would not be related to the veteran's discount.

DNR anticipates no significant cost to the department for this portion of the bill. DNR assumes that if an individual assigns either all or a portion of their PFD to the DNR, and does not have a valid land sale contract with the department in place by August 15 of each year, DNR will reject the PFD assignment back to the Department of Revenue's Permanent Fund Division for normal distribution to the assignor.