

Department of Natural Resources
FY26 - Summary of Significant Budget Issues
(\$ thousands)

Item	Appropriation / Allocation	Description	Governor Request	Amount Enacted	Comment
1	Administration & Support Services / Mental Health Trust Lands Administration	MH Trust: Increase Trust Land Office Administration Budget	\$139.5 MHTAAR (Other) Inc	\$139.5 MHTAAR (Other) Inc	<p>The legislature approved additional authority requested to match the Mental Health Trust's recommendation for the Mental Health Trust Land Office Administration. The Trust Land Office manages the lands and other non-cash assets of the Alaska Mental Health Trust Authority.</p> <p>The Department stated this funding will be used for the Fort Knox audit and annual performance merit increases.</p>
2	Administration & Support Services / State Facilities Maintenance and Operations	Add Receipt Authority to State Facilities Maintenance and Operations Expenditures	\$7,881.0 I/A Rcpts (Other) Inc	\$7,881.0 I/A Rcpts (Other) Inc	<p>In FY25, the legislature added intent language in the Governor's Office that read:</p> <p>"It is the intent of the legislature that the budget prepared under AS 37.07.020(e) for the succeeding fiscal year adhere to AS 37.07.020(e) and present separately for each agency the annual facility operations, annual maintenance, and periodic repair or replacement of components of public buildings and facilities."</p> <p>In FY25, the legislature renamed the existing "Facilities" allocation in Administration and Support Services appropriation to "State Facilities Maintenance and Operations."</p> <p>In FY26, the legislature approved the Governor's request to add \$7,881.0 in Interagency Receipt authority to the State Facilities Maintenance and Operations allocation to track transfers of funding in support of maintenance and operating activities across the department.</p>
3	Fire Suppression, Land & Water Resources / Mining, Land & Water	Add Two Natural Resource Specialist Positions to Address Increased Broadband Easement Applications (FY26-27)	\$306.0 Gen Fund (UGF) 2 PFT Positions IncT	n/a	<p>The legislature denied the Governor's request to add two full-time Natural Resource Specialist positions in Anchorage or Fairbanks. The positions were proposed to help keep pace with the increase in easement applications associated with federal funds for expanding broadband access.</p> <p>The Department reported that easement permitting activity had increased since the passage of the Federal Infrastructure Investments & Jobs Act, which provided \$65 billion for broadband infrastructure development across the nation, including \$32.2 billion in matching grants to states and subgrantees</p>

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3	Fire Suppression, Land & Water Resources / Mining, Land & Water	Add Two Natural Resource Specialist Positions to Address Increased Broadband Easement Applications (FY26-27)	\$306.0 Gen Fund (UGF) 2 PFT Positions IncT	n/a	(continued) expanding broadband access to unserved or underserved areas. The Department now expects the increase to continue as Broadband Equity, Access, and Deployment program funding is released. Fiber optic cables, a common method of broadband access, typically span long ranges and often cross through multiple tracts of land owned by a variety of entities, including State, Federal, and Native Corporation lands. The Department stated these projects can range from a few months to several years, and that staff focused solely on broadband are better equipped to identify and resolve potential hurdles. It is possible that the authorization phase of these projects will take longer without these positions.
4	Fire Suppression, Land & Water Resources / Mining, Land & Water	Big Game Guide Permit Program (SB 97)	\$342.0 Gen Fund (UGF) 2 PFT Positions Inc	\$341.6 GF/Prgm (DGF) 2 PFT Positions FisNot	The Guide Concession Permit Program (HB 396 SLA 24) was rolled into SB 189 as one of the final actions of the 2024 legislative session. The FY25 operating budget did not include fiscal note funding for the legislation. Fiscal notes for HB 396 were published for the Department of Natural Resources (DNR) to manage the program, and for the Department of Fish and Game to support DNR's management, as well as the Board of Game process in considering proposed guide concession areas. Shortly thereafter, the legislation was challenged in court for violating the single subject rule. In FY26 the Governor requested \$342.0 UGF to provide funding for the program. Instead of funding this request, the legislature passed SB 97 to create the program without risking violation of the single subject rule, with an attached a fiscal note for \$341.6 of General Fund Program Receipt (GFPR) authority to utilize permit fees rather than funding the program with UGF. The fiscal note also added two permanent full-time positions; one Natural Resource Manager and one Natural Resource Specialist, in Anchorage or Fairbanks. These positions support the creation of a program that will adopt regulations, develop selection criteria and guiding qualifications, evaluate applications, and issue permits for big game hunting guides to have exclusive rights to specific

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5	Fire Suppression, Land & Water Resources / Forest Management & Development	Add UGF to Replace Expiring CIP and Federal Funds Supporting 4 Foresters, 5 GIS Analysts, and 3 Equipment Operators	\$437.6 Gen Fund (UGF) Inc	\$218.8 Gen Fund (UGF) Inc	The legislature funded half of a Governor's request to provide permanent UGF funding for positions that currently rely on temporary capital and federal funds which are set to expire. The original request included \$217.7 to change funding sources for four Forester positions in Anchorage, Fairbanks, Homer, and Palmer, that are already 50% funded by UGF. The federal funding for these positions is from the Bipartisan Infrastructure Law and is anticipated to expire in FY26 or FY27. The request also included \$219.9 to change funding sources for five GIS Analysts, two Equipment Operator Journey 2 positions, and one Equipment Operator Foreman 1 from Capital Improvement Projects (CIP) Receipts to UGF. These positions are all located in Fairbanks except one GIS Analyst 1 located in Palmer. The equipment operators are fully funded by CIP Receipts, and the GIS analysts are funded 25% by CIP Receipts. The Department expects the capital project for Fire Risk Reduction and Fuel Breaks that funds these positions will end in FY26.

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6	Fire Suppression, Land & Water Resources / Forest Management & Development	Add One Forester, One Engineer/Architect, and One Accounting Tech to Support Development of New Lands for Timber Sales	\$420.4 Gen Fund (UGF) 3 PFT Positions Inc	\$420.4 Timber Rcp (DGF) 3 PFT Positions Inc	<p>The legislature changed the fund source from UGF to Timber Sales Receipts for three new positions added to expand access to timber sales.</p> <p>\$144.9 to add a Forester in Haines to increase timber sale capacity in Southeast Alaska. There is currently a long term non-permanent Forester position doing this work in Haines.</p> <p>\$173.5 to add an Engineer/Architect in Anchorage to plan infrastructure development projects that expand access to state forests.</p> <p>\$102.0 to add an Accounting Tech in Anchorage to provide administrative support of forest development projects.</p> <p>Fiscal Analyst Comment: The Timber Sales Receipts (TSR) account is used to track revenues on the sales of timber from state lands. The legislature may appropriate money deposited into the account for the implementation of the state timber disposal program by the department or for any other public purpose.</p> <p>The Department of Natural Resources had approximately \$1.1 million of TSR authority in the FY25 operating budget, and has the ability to carry forward unused revenues to fill this authority. The State averaged \$1.6 million in annual revenues for the past three years, and the estimated unobligated balance of the account at the end of FY25 was \$3.5 million. This change brings the authorization into alignment with current revenue levels.</p>
7	Fire Suppression, Land & Water Resources / Forest Management & Development	Add Authority for Anticipated Denali Commission Grant to Perform Forest Management Activities on Private Lands	\$800.0 Stat Desig (Other) Inc	\$800.0 Stat Desig (Other) IncOTI	<p>The Department has not historically performed forest management activities such as reforestation, fire mitigation, and health treatments on any private lands. If awarded this grant, the Department will initiate new forest management activity on private land to help prevent large-scale disturbances like forest fires and spruce beetle outbreaks.</p> <p>The legislature changed the Governor's request to a one-time increment.</p>

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8	Fire Suppression, Land & Water Resources / Various	Reduce Federal Receipt Authority Due to Increased Use of Capital Budget Grants	(\$2,200.0) Fed Rcpts (Fed) Dec	(\$2,200.0) Fed Rcpts (Fed) Dec	<p>The Department had federal receipt authority that was no longer needed due to grants being structured against capital budget authority instead of the operating budget.</p> <p>The Forest Management & Development allocation was reduced by \$1,247.8, and the Fire Suppression Preparedness allocation was reduced by \$952.2.</p>
9	Fire Suppression, Land & Water Resources / Geological & Geophysical Surveys	Increase Federal Receipt Authority for Natural Disaster Hazard Assessment Studies	\$2,200.0 Fed Rcpts (Fed) Inc	\$2,200.0 Fed Rcpts (Fed) Inc	This increment will make use of grant opportunities from the US Geological Survey (USGS) and the Federal Emergency Management Agency (FEMA) to conduct studies assessing environmental characteristics that result in hazardous natural disasters, such as landslides or floods. The funding will support research in remote areas of Prince William Sound and Southeast Alaska, working to identify and better understand what environmental conditions put Alaskan residents at risk from natural disasters.
10	Fire Suppression, Land & Water Resources / Geological & Geophysical Surveys	Add Two Positions to Create Response and Prevention Team for Natural Disaster Emergency Responses and Public Outreach	\$648.4 Gen Fund (UGF) 2 PFT Positions Inc	n/a	<p>The legislature denied the Governor's request for two positions to create a natural hazard response and prevention team that would assist in the aftermath of natural disasters such as landslides or floods. The State does not currently have any positions or resources dedicated for this purpose, which the Department states has previously hindered response times and the ability to have a qualified geological expert on-site in the aftermath of a natural disaster to assess the situation and advise response activities.</p> <p>The proposal included \$347.2 for one Geologist 2 position in Fairbanks and one Geographic Information System (GIS) Analyst 2 in Anchorage, and \$301.2 for travel, services, and supplies for the program including Light Detection and Ranging (LIDAR) capable drones, satellite links to weather stations, and maintenance on older equipment.</p>
11	Fire Suppression, Land & Water Resources / Geological & Geophysical Surveys	GA: Assessment of Alaska's Critical and Essential Minerals, SB 118 (Ch 45 SLA 24)	\$45.0 Gen Fund (UGF) IncOTI	\$45.0 Gen Fund (UGF) IncOTI	One-time funding was added to fund a Geologist 4 position for four months to perform an analysis of Alaska's mineral production, capacity, and permitting process compared to other states and nations. The funding provided matches the amount requested in an FY25 fiscal note associated with SB 118 (Ch 45, SLA 2024), but this fiscal note was not included in the 2024 appropriations bill.

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12	Fire Suppression, Land & Water Resources / Fire Suppression Preparedness	Improve Maintenance of Fire Fighting Fleet with Revenues from Regional Sharing of Firefighting Resources	\$1,500.0 Stat Desig (Other) Inc	\$1,500.0 Stat Desig (Other) Inc	DNR provides firefighting assistance and resources to members of the Northwest Compact Agreement and the Federal Fire Cooperators when possible, and receives assistance in return. Members reimburse each other based on per-day rates, which prior to 2021 had been limited to crews, overhead, dispatchers, and aircrafts. In 2021 the members started also exchanging fire engines, which increased revenues as well as maintenance costs. The Department collects reimbursement for their efforts as Statutory Designated Program Receipts (SDPR), which are tied to a specific purpose and do not lapse into the general fund. This additional SDPR authority allows the agency to use these funds to address ongoing fleet maintenance. In FY24 the agency received a capital appropriation of \$1,200.0 SDPR for maintenance that the Department states is fully encumbered. This funding supports ongoing maintenance activity with this fund source in the base budget.
13	Agriculture / Various	Create New Department of Agriculture	Struct	n/a	The legislature denied an executive order and associated transactions to restructure the Division of Agriculture into its own department. The Governor initially requested increments totaling \$2,669.4 UGF annually, with an additional \$65.0 in one-time startup costs . The Governor's 3/5 amendments revised his proposal to be net neutral by repurposing existing unrelated positions in DNR for the new department. The legislature passed a joint resolution to deny the change and ultimately rejected the creation of the new department in FY26. The positions in DNR were retained for their original purposes.

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14	Agriculture / Agricultural Development	GA: Agriculture Micro Grants for Food Security	\$2,200.0 Fed Rcpts (Fed) Inc	\$2,200.0 Fed Rcpts (Fed) Inc	<p>The Governor requested a base increment of \$2.2 million in Federal Receipts authority to allow the microgrants loan program for food security to keep pace with the rising number of participants.</p> <p>There is a related FY2025 supplemental of \$3.2 million in Federal Receipt authority that was also approved by the legislature.</p>
15	Parks & Outdoor Recreation / Parks Management & Access	Add Funding for Revenue Generating Facilities and Infrastructure Projects	n/a	n/a	<p>Vetoed Legislative Add: The Governor vetoed a legislative addition for the Alaska State Parks to install and maintain revenue-generating facilities and infrastructure projects, such as cabins and automated fee-collecting stations.</p> <p>The legislature added one-time funding of \$2,111.3 UGF for these projects.</p> <p>Fiscal Analyst Comment: The legislature briefly considered funding this item with Vehicle Rental Tax Receipts, and this amount is equal to the Vehicle Rental Tax Receipts that were available for appropriation once salary adjustments in the Department of Transportation had been factored in.</p>