



**STATE OF ALASKA**  
Department of Natural Resources  
Office of the Commissioner

**DATE: February 1, 2023**

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**Summary of HB 49 / SB 48 Carbon Offset Bills**

**Carbon Offset**

Proposed carbon offset statutes allow maximum flexibility to acknowledge a new and dynamic market. The bill allows for the sale of carbon offsets on State land and authorizes the Department of Natural Resources to adopt regulations to implement carbon offset projects. It identifies criteria to be used to evaluate each carbon offset project, including the effects that a project may have on the state or local economy. It provides direction for the department related to administration of the new program. It also requires a public decision process for carbon projects on State lands (a best interest finding under AS 38.05.035 and public notice under AS 38.05.945). If a project is approved, the department will issue the appropriate authorization or contract and will then manage the project and maintain records.

The bill allows carbon offset projects to be undertaken on State lands, including on submerged lands and on Alaska's three State Forests, but the management plans for each State Forest must first be amended to allow carbon offset projects. Other legislatively designated lands like State Parks are not available for carbon offset projects unless approved by the Legislature. State land used for a carbon offset project will remain open to the public for access, hunting, fishing, and other generally allowed uses.

Revenue from carbon offset sales will be placed in a new carbon offset credit fund to provide funding for the administration and implementation of the program.

**Land Leasing**

The bill also proposes a new leasing program to facilitate carbon offset projects. Current leasing programs did not contemplate this type of use of lands and were built with sideboards and requirements that may not align with needs of offset projects. Under the new program, applicants identify locations most conducive to successful carbon management projects and apply for a lease. The proposed program does not require a competitive bid process initially, but does include provisions to address multiple applications for projects on the same land. Compensation for leases will maximize return to the State (which may include fair market value rentals or other returns to the State at the commissioner's discretion under AS 38.05.073(m)).

The Department is required to issue a best interest finding weighing other uses of State lands in determining whether and how to approve leases for carbon projects. Department findings consider public use and access, area plan management intent, goals, and policies, include processes for agency, public and Alaska Native Corporation/tribal input, and consider future uses such as broadband or other infrastructure projects.