



29<sup>th</sup> Alaska State Legislature  
House Finance Budget Subcommittee  
Department of Natural Resources  
FY 17 Operating Budget

**Chairman:**

Rep. Lance Pruitt  
Capitol Room 421  
465-3438

**Members:**

Rep. Benjamin Nageak  
Capitol Room 126  
465-3473

Rep. Dave Talerico  
Capitol Room 104  
465-4527

Rep. Cathy Tilton  
Capitol Room 411  
465-2199

Rep. Kurt Olson  
Capitol Room 24  
465-2693

Rep. Andy Josephson  
Capitol Room 430  
465-4939

Rep. Jonathan Kreiss-  
Tomkins  
Capitol Room 426  
465-3732

**Committee Aide:**

Dirk Craft  
465-6617

**DEPARTMENT OF NATURAL RESOURCES  
FY17 HOUSE FINANCE BUDGET SUBCOMMITTEE  
NARRATIVE REPORT  
FEBRUARY 25, 2016**

**SUBCOMMITTEE MEMBERS**

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**Rep. Lance Pruitt, Chair**

Rep. Benjamin Nageak  
Rep. David Talerico  
Rep. Cathy Tilton  
Rep. Kurt Olson  
Rep. Andy Josephson  
Rep. Jonathan Kreiss-Tomkins

**RECOMMENDATIONS**

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The House Finance Budget Subcommittee for the Department of Natural Resources submits a recommended operating budget for FY2017 to the House Finance Committee as follows:

**Fund Source:** (dollars are in thousands)

Unrestricted General Funds (UGF)	\$ 88,143.9
Designated General Funds (DGF)	\$ 31,260.8
Other Funds	\$ 40,425.2
Federal Funds	\$ 13,382.3
<b>Total</b>	<b>\$ 173,212.2</b>

The Unrestricted General Fund difference from the FY2017 Governor Request to the House Subcommittee budget recommendation is a decrease of \$5,895.7, which is a -6.3% change. Removing the additional gasoline related funding would result in a department UGF reduction of -\$8,828.5 which is a -12.6% change from the FY16 Management Plan.

## BUDGET ACTION

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The House Finance Budget Subcommittee for the Department of Natural Resources held five meetings with the Department. The Subcommittee reviewed the FY 2017 budget request and took the following actions:

### Action to the Governor's proposal:

- **North Slope Gas Commercialization – Increase to funding: \$26,681.8 (UGF)**  
Continue the states participation on the pipeline and gas commercialization. Funding is split into two increments: an \$8,986.7 increment to match the regular session appropriation, and an increment of \$17,695.1. This represents a reduction of \$9,051.3 from the Governors first proposal to reflect the slower pace of marketing negotiations. This is an additional reduction of \$2,000.0 from the FY17 Governors Amended request. The subcommittee recommends House Finance remove the full appropriation and manage all gasline related funds as its own appropriation separate from the regular budgetary process.
- **Mining, Land & Water – Fund Source Switch from UGF to DGF: (\$5,000.0) UGF/ \$5,000.0 DGF**  
This action would transition some of the division's work from UGF to those existing program receipts while not making such a major fund switch to negatively affect the solvency of revenues over time. The subcommittee proposed an additional fund source change of \$2,664.8
- **Northern Latitude Plant Material Center – Potato Program Funding: (\$147.6) UGF**  
Rejected the Governor's proposal to restore program as a permanent item in the FY17 request.

## AMENDMENT ACTION

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### ADDED/MODIFIED

1. **Agency-wide – Added Intent Language**  
It is the intent of the legislature that the Department of Natural Resources not purchase vehicles unless they are essential to work safety.
2. **Fire Suppression Land & Water Resources – Forest Management & Development – Fund Source Change to Support Southeast Forester Position with Timber Receipts: (\$136.7) UGF/ \$136.7 DGF**  
Use Timber Receipts to fund a southeast forester position. Most timber sales are made in southeast, this switch will reduce the UGF draw from the budget while protecting operations and sales in southeast.
3. **Fire Suppression Land & Water Resources – Mining Land & Water – Added Intent Language**  
It is the intent of the legislature that the Department of Natural Resources improve efficiencies in permitting and consider the economic impacts of increasing permit fees before imposing them on users.
4. **Administration & Support Services – Commissioner's Office: (\$335.0) UGF**  
Reduction of two staff in the commissioner's office. The subcommittee identified this office as larger than most.

**5. Parks & Outdoor Recreation – Parks Management & Access – Reduce Parks Funding: (\$241.2) UGF & (87.2) GF/Prgm**

Unallocated reduction to Parks Management & Access. This was made unallocated to allow the department to spread the reduction in a way that protects parks receipts. In the future the division will work more to reduce its UGF

**6. Parks & Outdoor Recreation – Parks Management & Access–Added intent language**

It is the intent of the legislature that the Department of Natural Resources work with the Alaska Department of Fish & Game to identify qualifying projects and non-federal matching funds for Pittman-Robertson monies. If not all Pittman-Robertson funds are expended through DNR partnerships, it is further the intent of the legislature that DF&G partner with municipalities and nonprofit outdoors, sporting, and trail organizations to identify qualifying projects and nonprofit sector marching funds to expend remaining Pittman-Robertson monies. It is intent of the legislature that Alaska Department of Natural Resources assist the Department of Fish & Game in working collaboratively with partner agencies, governments, and organizations to ensure that no Pittman-Robertson monies are returned to the federal government unspent.

**7. Agriculture – Northern Latitude Plant Material Center – Reduce Operations: (335.0) UGF**

This reduction is made with the understanding the department can continue services at the center without eliminating the operation.

**8. Agriculture – Agriculture Revolving Loan Program Administration – Made a OTI and added intent language**

It is the intent of the legislature to allow for a one-time increment funding of MMM&S with the purpose of allowing appropriate time for negotiations between a private entity and the BAC for the lease of MMM&S. This is done with the understanding that the transfer of operations will be finalized prior to FY18 and MMM&S will not be included in the FY18 budget. The Department should issue a request for proposals (RFP) immediately. The RFP should be drafted with the least restrictive terms likely to attract successful bids. The Department should solicit for and consider bids for a lease and for a lease with an option to purchase.

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## **ATTACHED REPORTS**

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The House Finance budget subcommittee for the Department of Natural Resources adopts the attached reports:

### **Subcommittee generated reports**

Budget action worksheet

### **2016 Legislative Finance Division Reports – House Structure**

1. Agency Totals – FY2017 Operating Budget
2. Appropriation/Allocation Summary (All Funds)
3. Appropriation/Allocation Summary (GF)
4. Transaction Comparison between ADJ Base and H Subcom
5. Transaction Comparison between Gov Amd and H Subcom
6. Wordage Report – FY 2017 Operating Budget

**THE BUDGET ACTION WORKSHEET IS ATTACHED FOR INFORMATIONAL PURPOSES.**

**RESPECTFULLY SUBMITTED,**



**Representative Lance Pruitt, Chair  
House Finance Budget Subcommittee for the Department of Natural Resources  
February 25, 2016**