**2017 SESSION OPERATING BUDGET AMENDMENT PROPOSAL**

**OFFERED IN:** The House Finance Subcommittee

**TO:** HB 57 / HB 59

**OFFERED BY:** Representative Guttenberg

**DEPARTMENT:** Dept. of Natural Resources

**APPROPRIATION:** Administration & Support Services

**ALLOCATION:** Office of Project Management & Permitting (OPMP)

**DELETE:** $200.0 UGF, Funding Source 1004, personal services

**POSITIONS:** DELETE: 1 PFT position

**EXPLANATION:**

Seven wetland mitigation banks, including one private bank, are already active in Alaska.

The department:

* Has not substantiated a need for a state-run bank to compete with existing banks
* Has not provided a cost-benefit analysis, proving that the bank would be viable
* Has spent $300.0 UGF on this project already, and has not yet submitted an application to the U.S. Army Corps of Engineers (USACE)
* Cannot predict when—or if—the USACE will approve OPMP’s application, or when DNR would implement the program after approval
* Projects expenses of $200.0 (presumably UGF) per FY for the first two years after implementation

The Mental Health Trust Land Office shied away from establishing its own mitigation bank “after balancing the risk and demand seen in Alaska,” according to their 2016 Annual Report, page 5.

The USACE has not always proven to be a reliable wetlands mitigation bank partner. Alaska’s private bank, Pioneer Reserve, is suing the USACE for allegedly reneging on a contract.