

**Department of Natural Resources**  
**FY22 - Summary of Significant Budget Issues**  
(\$ thousands)

Item	Appropriation / Allocation	Description	Governor Request	Amount Enacted	Comment
1	Administration & Support Services / Office of Project Management & Permitting	Reduce Funding for the Federal Plan Review Program	(\$100.0) Gen Fund (UGF)	(\$100.0) Gen Fund (UGF)	The FY21 budget added \$595.0 UGF to fund the review of federal plans, including major revisions to allow oil and gas exploration in the Arctic National Wildlife Refuge. This \$100.0 decrement will reduce travel and service expenditures in the program.
2	Oil & Gas / Oil & Gas	Replace UGF with GF/PR (Oil & Gas)	<b>Net Zero</b> (\$2,000.0) Gen Fund (UGF) \$2,000.0 GF/Prgm (DGF)	<b>Net Zero</b> (\$2,000.0) Gen Fund (UGF) \$2,000.0 GF/Prgm (DGF)	The Division of Oil and Gas has seen general fund (GF) program receipt revenue far exceed its DGF authority. In FY20, GF program receipt revenue exceeded \$9,000.0, while its receipt authority was \$710.4. As of March 23rd, FY21 revenue was \$8,060.6, while authority was \$713.9. This fund change increases the division's FY22 receipt authority to \$2,794.6 (after accounting for salary adjustments and SB55). The majority of the FY20 and FY21 receipt revenue came from right-of-way payments for pipelines crossing state land. Receipt revenue is also generated from application fees, easements, and material sales.
3	Fire Suppression, Land & Water Resources / Mining, Land & Water	Replace UGF with GF/PR	<b>Net Zero</b> (\$545.0) Gen Fund (UGF) \$545.0 GF/Prgm (DGF)	<b>Net Zero</b> (\$545.0) Gen Fund (UGF) \$545.0 GF/Prgm (DGF)	The Division of Mining, Land and Water has seen GF program receipt revenue exceed its DGF program receipt authority. In FY20, GF program receipt revenue was over \$15,516.6, while its receipt authority was \$12,739.7. While FY21 revenue is unknown, FY21 receipt authority was \$13,130.9 (not including a \$10.0 one-time item). This fund change increases the division's FY22 receipt authority to \$14,421.3 (after accounting for salary adjustments and SB55).
4	Fire Suppression, Land & Water Resources / Mining, Land & Water	GA 217 4/1 Advancing State's Rights in Navigability and Revised Statute 2477 (FY22-24)	\$695.0 Gen Fund (UGF) <b>3 PFT Positions IncT</b>	\$695.0 Gen Fund (UGF) <b>3 PFT Positions IncT</b>	This three-year increment is broadly intended for engagement and litigation with the federal government over state ownership of submerged lands and navigable waters. It adds three permanent full time positions: two Natural Resource Specialist III positions, and one Historian II. The latter will demonstrate historical transportation routes to contribute to the state's case in litigation under Revised Statute 2477. The department anticipates using \$365.0 of the temporary increment for third-party scientific and legal contractors.

**Department of Natural Resources**  
**FY22 - Summary of Significant Budget Issues**  
(\$ thousands)

Item	Appropriation / Allocation	Description	Governor Request	Amount Enacted	Comment
5	Fire Suppression, Land & Water Resources / Geological & Geophysical Surveys	Increase Federal Receipt Authority Due to Increased Federal Support for High-Profile Projects	\$500.0 Fed Rcpts (Fed)	\$500.0 Fed Rcpts (Fed)	<p>Ongoing federally funded projects include the North Slope Arctic Strategic Transportation and Resources project and instrument upgrades at the Alaska Volcano Observatory. The division anticipates additional funding from the United States Geological Survey for a statewide geologic sample database, a statewide Environmental Protection Agency groundwater study, and a landslide hazard mitigation plan for Barry Arm.</p> <p>A one-time increase in FY21 federal receipt authority, RPL #10-2021-5047, was approved by the Legislative Budget and Audit Committee at the August 27, 2020 LB&amp;A meeting. The FY22 increment adds this authority into the division's base operating budget.</p>
6	Fire Suppression, Land & Water Resources / Geological & Geophysical Surveys	Increase Authority for Core Samples Storage in Geologic Materials Center Due to Increased Revenue from Greater Usage	\$375.0 GF/Prgm (DGF) <b>1 PPT Position</b>	\$375.0 GF/Prgm (DGF) <b>1 PPT Position</b>	Hilcorp Energy will store its core samples at the Geologic Material Center (GMC) located in Anchorage. Since the GMC charges fees for storage, revenue is expected to increase. This increment accounts for costs related to increased usage of the facility and adds one seasonal Geologist I position.
7	Parks & Outdoor Recreation / Parks Management & Access	Increase Funding For Law Enforcement Due to Increased Training and Overtime Pay Costs	\$250.0 Gen Fund (UGF)	n/a	The legislature denied the Governor's \$250.0 request for Park Rangers. Higher turnover has increased training costs, and Park Rangers work overtime to assist State Troopers, which is unbudgeted. The bulk of existing funding has supported current costs, rising core costs, and emergency deferred park maintenance needs, resulting in deferred equipment and maintenance costs. Per the department, unfunded items associated with this denied funding include: instructor training and certification, armorer training and certification, web gear, bulletproof vests (which expire), and annual in-service training.
8	Parks & Outdoor Recreation / Parks Management & Access	Add Receipt Authority and 6 Positions for Alaska Conservation Corps (Vetoed)	n/a	n/a	The Legislature added \$200.0 GF/Prgm authority and intent language that the six additional positions only be filled if they can be funded without using carryforward revenue. The additional authority and positions were vetoed by the Governor.
9	Agriculture / Agricultural Development	SB27, Ch. X, SLA 2021 Industrial Hemp Program	n/a	\$736.4 GF/Prgm (DGF) <b>5 PFT Positions</b>	SB27 creates a permanent industrial hemp program within the Department of Natural Resources, which will regulate the growth, manufacturing and sales of industrial hemp and industrial hemp product. AS 03.05.10 requires the program to be self-funded by fees, and the department anticipates \$750.0 additional GF/

**Department of Natural Resources**  
**FY22 - Summary of Significant Budget Issues**  
(\$ thousands)

Item	Appropriation / Allocation	Description	Governor Request	Amount Enacted	Comment
9	Agriculture / Agricultural Development	SB27, Ch. X, SLA 2021 Industrial Hemp Program	n/a	\$736.4 GF/Prgm (DGF) <b>5 PFT Positions</b>	(continued) Prgm revenues resulting from this bill.  There are currently two positions associated with the pilot program; this legislation brings the count to seven positions as the program transitions into permanent status. The five new positions include one Natural Resource Manager I, three Agricultural Inspectors, and one Administrative Assistant I.
10	Agriculture / Agricultural Development	Fund Change for Federal Programs with New Grants	<b>Net Zero</b>  \$100.0 Fed Rcpts (Fed) (\$100.0) Gen Fund (UGF)	<b>Net Zero</b>  \$100.0 Fed Rcpts (Fed) (\$100.0) Gen Fund (UGF)	The division anticipates that support for staff could be achieved utilizing funding from two new federal grants. The Food Security Micro Grant was included in the 2018 Federal Farm Bill and provides Alaska \$4,000.0 per year for FY21 through FY24. The second grant, for elodea eradication, is received through the Alaska Sustainable Salmon Fund (AKSSF). The AKSSF is funded through 2024 by a U.S. Fish and Wildlife Service grant. The Division of Agriculture must apply to the AKSSF annually for funding.  <b>Fiscal Analyst Comment:</b> Since federal grant funding is temporary, general funds may need to be restored in FY25.  <b>Items 10 and 11 are related.</b>
11	Agriculture / North Latitude Plant Material Center	Increase Federal Authority for Elodea Eradication	\$663.7 Fed Rcpts (Fed)	\$663.7 Fed Rcpts (Fed)	This receipt authority will be used for grants through the Alaska Sustainable Salmon Fund (AKSSF) for elodea eradication. The AKSSF is funded through 2024 by a U.S. Fish and Wildlife Service grant. The Division of Agriculture must apply to the AKSSF annually for funding.  <b>Items 10 and 11 are related.</b>
12	Various	SB 55, Ch. 9, SLA 2021 Employer Contributions to PERS	\$2,082.4 UGF	\$2,082.4 UGF	SB 55 removes the 22% cap on payroll contributions to the Public Employee Retirement System (PERS) for the State of Alaska as a PERS employer. The budgetary impact of this legislation is reflected as a shift from the direct appropriation to PERS, which is typically funded with UGF, to agency payroll, where the cost can be spread across all fund sources. This shift results in a UGF increase to Agency Operations of \$72,871.7, and a UGF decrease to Statewide Items of \$95,794.5, for a net statewide UGF savings of \$22,922.8. Specifically,

**Department of Natural Resources**  
**FY22 - Summary of Significant Budget Issues**  
(\$ thousands)

Item	Appropriation / Allocation	Description	Governor Request	Amount Enacted	Comment
12	Various	SB 55, Ch. 9, SLA 2021 Employer Contributions to PERS	\$2,082.4 UGF	\$2,082.4 UGF	(continued) the UGF impact to the Department of Natural Resources is \$2,082.4 spread across multiple allocations.