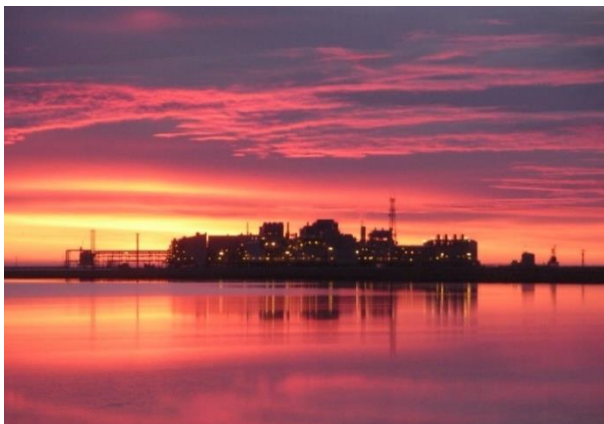


# HB 49 Sectional Review

## House Finance Committee



Presented by Rena Miller, Special Assistant  
Office of the Commissioner  
Alaska Department of Natural Resources  
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# Two pathways under HB 49

## (1) State leases land to third party for carbon purpose

- Third party is project proponent, third party receives credits/revenue
- State receives compensation for lease; can include annual rent, portion of receipts, other
- On State land leased to third party; not on State Forests
- For general carbon management purposes

## (2) State undertakes carbon offset project on State land

- State is project proponent, State receives credits
- “Carbon Offset Program” housed under Office of Project Management and Permitting
- On State land and State Forests
- No third-party leases required
- For land/resource-based carbon offset projects

# HB 49 sectional analysis



Section	Page	Provision
Sec. 1	1	Procurement code exemption for Carbon Offset Program contracts (State projects)
Sec. 2	1	Non-general fund program receipts conforming to Sec. 6 (State projects)
Sec. 3-5	2-4	State land leases to third parties for carbon purposes (third-party projects)
Sec. 6	4-8	Establishes new Carbon Offset Program at Department of Natural Resources (State projects)
Sec. 7-9	8	Enable projects on Haines State Forest Resource Management Area (State projects)
Sec. 10-13	8-9	Enable projects on State Forests generally (State projects)
Sec. 14	9	Effective date

# HB 49 detail: State land leases



Section	Page	Provision
Section 3	2	Conforming; exempts new carbon purpose state land leases (Sec. 4) from general land lease award provisions
Section 4	2-4	New section addressing State land leases for carbon management purposes <ul style="list-style-type: none"><li>- Provides application; award; appeal processes</li><li>- Caps leases at 55 years; allows termination for cause</li><li>- Applies standard terms for renewals, assignments, etc.</li></ul>
Section 5	4	Conforming; exempts new carbon purpose state land leases (Sec. 4) from general land lease lessee preference rights



# Leasing: Fundamental to Division of Mining, Land and Water (DMLW) business



- Lease programs support a variety of commercial industry, public and charitable, and private sector needs
- Alaska Land Act (AS 38.05) sets out provisions including:
  - Best interest findings and public notice
  - Application, award, lease conditions, compensation
  - Term length, preference rights eligibility





# Comparison to existing commercial leases

Standard commercial leases	Proposed carbon purpose leases
Best interest finding required	Best interest finding required
<ul style="list-style-type: none"><li>• 55-year maximum lease term with renewal potential</li><li>• Competitive interest or auction required prior to awarding leases for term longer than 10 years</li></ul>	<ul style="list-style-type: none"><li>• 55-year maximum lease term with renewal potential</li><li>• <b>Exempt from competitive bidding;</b> lease awarded to most qualified applicant</li></ul>
Compensation designed to maximize return to the state, in a form provided for under AS 38.05.073(m)	Compensation designed to maximize return to the state, in a form provided for under AS 38.05.073(m)

# Comparison continued...



Standard commercial leases	Proposed carbon purpose leases
<ul style="list-style-type: none"><li>Existing public access and potential third-party uses of lease site are closely evaluated and appropriate public access reserved</li><li>Specifics vary based on particular project and area needs.</li></ul>	<ul style="list-style-type: none"><li>Same evaluations done, but <b>general public use reservations are more explicitly required for carbon leases.</b></li><li>To the extent practicable, carbon lease lands must remain open to the public for access, hunting, fishing, and other generally allowed uses</li></ul>
Long-term leaseholder in good standing at end of lease term is eligible to apply for preference right sale under AS 38.05.102	<b>No preference right sale eligibility</b> under AS 38.05.102

# HB 49 detail: Carbon Offset Program



Proposed	Page	Provision
38.95.400	4-5	Carbon offset program
38.95.410	5	Carbon offset project criteria; evaluation; best interest finding
38.95.420	5-6	Registration and sale of carbon offset credits; records
38.95.430	6	Carbon offset revenue fund
38.95.499	6	Definitions: Defines 16 terms



# Thank you



Joe Byrnes

Legislative Liaison

Department of Natural Resources

907-465-4730

Joe.Byrnes@alaska.gov



# Appendix: Leakage



- When emission reductions from a project are countered elsewhere, diminishing the real reductions claimed
- Registry accounts for leakage risk within protocol
  - Example: Improved Forest Management standard
    - De minimis activity shifting leakage allowed, monitoring required
    - Market leakage estimated using equations provided under protocol or directly accounted for using verifiable methods