

FISCAL NOTE

Bill Version: CSSB 283 (RES)
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STATE OF ALASKA 2000 LEGISLATIVE SESSION

Revision Date/Tim 17-Apr-00

Title: An Act establishing the shore fisheries development lease program account ... revenue... land disposal...
 Sponsor: S Rules
 Requestor: (H) FIN

Dept Affected: Natural Resources
 BRU: Minerals, Land & Water Development
 Component: Land Sales and Municipal Entitlements
 Component No. #2459

Expenditures/Revenues (Thousands of Dollars)
 Note: Amounts do not include inflation unless otherwise noted below.

| OPERATING EXPENDITURES | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | FY2006 |
|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| PERSONAL SERVICES | 525.9 | 530.0 | 500.0 | 460.0 | 460.0 | 460.0 |
| TRAVEL | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 |
| CONTRACTUAL | 460.4 | 636.4 | 467.4 | 459.4 | 459.4 | 459.4 |
| SUPPLIES | 8.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| EQUIPMENT | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| LAND & STRUCTURES | | | | | | |
| GRANTS & CLAIMS | | | | | | |
| MISCELLANEOUS | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 |
| TOTAL OPERATING | 1,164.3 | 1,341.4 | 1,142.4 | 1,094.4 | 1,094.4 | 1,094.4 |

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|-----------------------------|--|--|--|--|--|--|

| | | | | | | |
|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| CHANGE IN REVENUES | 2,300.0 | 2,783.0 | 3,411.0 | 3,481.0 | 3,781.0 | 3,981.0 |
|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|

FUND SOURCE (Thousands of Dollars)

| | | | | | | |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | (639.6) | (639.6) | (639.6) | (639.6) | (639.6) | (639.6) |
| 1061 CIP Receipts | | (70.9) | (70.9) | (70.9) | (70.9) | (70.9) |
| 1108 Statutory Designated PR | (363.1) | (363.1) | (363.1) | (363.1) | (363.1) | (363.1) |
| Other (Land Disp. Income Fund) | 2,167.0 | 2,415.0 | 2,216.0 | 2,168.0 | 2,168.0 | 2,168.0 |
| TOTAL | 1,164.3 | 1,341.4 | 1,142.4 | 1,094.4 | 1,094.4 | 1,094.4 |

Estimate of any current year (FY2000) cost: \$ N/A

POSITIONS

| | | | | | | |
|-----------|---|---|---|---|---|---|
| FULL-TIME | 2 | 2 | 2 | 2 | 2 | 2 |
| PART-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| TEMPORARY | 0 | 0 | 0 | 0 | 0 | 0 |

ANALYSIS: (Attach a separate page if necessary)

Note: The fiscal note is designed to show the fund source switches which will be done once, and the annual net increased cost to implement this legislation. For example, in FY2001 there is a fund source switch of \$639.6 GF and \$363.1 SDPR to the Land Disposal Income Fund, and an additional \$1,164.3 of Land Disposal Income Fund. The out-years on the fiscal note reflect that the one-time fund source switches remain in effect – they are not additional fund source switches.

Costs. This fiscal note includes three cost items:

1. The Land Sales and Municipal Entitlement component from the proposed FY 01 operating budget. It includes the \$1,002.7 that would be deleted from general fund and existing SDPR sources and transferred to the new land disposal income fund, plus \$150.0 for land title costs. In year FY 02, an additional \$70.9 in CIP funds is deleted.

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 Division: Mining, Land & Water Date: 17-Apr-00
 Approved by Commissioner: John Shively *[Signature]* Date: 17-Apr-00
 Agency: Natural Resources

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2. A new land disposal program that includes offering 55,500 acres for sale in FY 02 and 03. This offering would cost \$2,271.0 spread over FY 01, 02 and 03. It would include:

- Comprehensive Re-Offering of 50,000 acres (5,000 parcels) of existing subdivision lots (these are re-offerings of parcels not previously sold, sold but foreclosed upon, etc.);
- Remote offerings of 5,000 acres (500 parcels) offered under the remote recreation cabin site program (these offerings begin as leases, then convert to sales when surveyed); and
- New Subdivisions of 500 acres (100 parcels) of new subdivisions.

3. Continued Land Disposal in FY 04, 05, 06, and preparing for future years. To maintain a stable land disposal program, it will be necessary to continue offering lots to replace the remote offerings and subdivision lots sold in FY 02 and 03. These costs begin in FY 02 and continue throughout the fiscal note period, stabilizing at about \$794.0 annually.

Revenues. The "Change in Revenues" in this fiscal note combines three sources of revenue:

1. Revenues from past sales. The state expects to receive approximately \$1,600.0 each year of the fiscal note from sales made in past years.
2. Revenues from the first 55,000 acres offered. Revenues from sale of the first 55,000 acres begin in FY 02 and continue through the fiscal note.
3. Revenues from future land disposals in FY 04, 05, and 06. Taken together, these three sources of revenue over the six-year period are expected to total over \$18.8 million, but fluctuate somewhat from year to year.

Additional details (cost and revenue projections) are shown in the table on the next page. The table shows that in the first year, the costs barely cover the revenues, but that the revenues grow every year thereafter. By FY 2006, the land disposal income fund includes a balance of more than \$5 million and the excess, beginning with that year's surplus of \$535.0, is transferred to the general fund by operation of law under SB 283.

This program would require two new positions. Other staff funded in this fiscal note are either working on the project or are existing, vacant, unfunded positions.

Note: Because of the conference committee reduction in general funds of \$150.0, this miscellaneous line item is necessary to restore the program to the full funding level under this bill.

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* Figures below represented in thousands.

| | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| COSTS | | | | | | |
| Existing Cost of Component (See P. 1) | \$ 1,303 | \$ 1,374 | \$ 1,374 | \$ 1,374 | \$ 1,374 | \$ 1,374 |
| Additional \$2,271 to fund first 55,000 acres to be offered in FY 02 and 03, and continued funding for sales thereafter: | | | | | | |
| Comprehensive Re-offe | \$ 275 | \$ 323 | \$ 48 | - | - | - |
| Remot | \$ 418 | \$ 418 | \$ 418 | \$ 418 | \$ 418 | \$ 418 |
| Subdivision | \$ 100 | \$ 300 | \$ 376 | \$ 376 | \$ 376 | \$ 376 |
| Total Cost: | \$ 2,096 | \$ 2,415 | \$ 2,216 | \$ 2,168 | \$ 2,168 | \$ 2,168 |
| REVENUES | | | | | | |
| Revenues from Past Sales | \$ 1,600 | \$ 1,600 | \$ 1,600 | \$ 1,600 | \$ 1,600 | \$ 1,600 |
| Revenues from Planned FY 01 Sales | \$ 700 | \$ 433 | \$ 466 | \$ 366 | \$ 366 | \$ 366 |
| Revenues from FY 02 and Future Sales | | \$ 750 | \$ 1,245 | \$ 1,315 | \$ 1,515 | \$ 1,715 |
| Total Revenue: | \$ 2,300 | \$ 2,783 | \$ 3,311 | \$ 3,281 | \$ 3,481 | \$ 3,681 |
| FUND BALANCE | | | | | | |
| Balance of Land Disposal Income Fund at year's end: | \$ 204 | \$ 572 | \$ 1,667 | \$ 2,780 | \$ 4,093 | \$ 5,606 |
| Amount Spilled Over to the General Fund | | | | | | \$ 606 |