

# FISCAL NOTE

**STATE OF ALASKA**  
**2002 LEGISLATIVE SESSION**

Fiscal Note Number: 5  
 Bill Version: CSHB 208(RES)  
 (S) Publish Date: 5/11/02

Revision Date/Time (Note if correction): 3/12/2002  
 Title: Aquatic Farms for Shellfish

Dept. Affected: Natural Resources  
 BRU: Minerals, Land & Water Dev  
 Component: Claims, Permits and Leases

Sponsor: Rep. SCALZI, Chenault, Lancaster, Harris, Hudson, James  
 Requester: (H) FIN

Component Number: 2460

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	82.8	110.4				
Travel	5.0	10.0				
Contractual	2.5	2.5				
Supplies	1.0	1.0				
Equipment	7.0	0.0				
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>98.3</b>	<b>123.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008

CHANGE IN REVENUES ( )	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
	0.0	13.9	27.8	41.7	55.5	55.5

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	98.3	123.9				
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>98.3</b>	<b>123.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2002) cost: none

Check this box (X) if funding for this bill is included in the Governor's FY2003 budget proposal:

**POSITIONS**

Full-time	2	2				
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This bill creates a one-time disposal program of at least 90 aquatic farmsites and requires DNR to condition leases for sites that culture wild stocks of indigenous shellfish to restore the wild stock upon termination or expiration of the lease to the population level that existed prior to issuance of the lease. It provides an attempt at a new type of mariculture program -- one that is modeled on DNR's existing land disposal program where state agencies do all of the up-front work and an applicant bids for a site. DNR and DF&G would solicit nominations; pick the areas and sites; prepare best interest finding and coast zone consistency, then put the sites up for bid. With respect to the DNR lease, the applicant could, in the best of circumstances, bid for the site, submit an operating plan and obtain the site with little or no additional work by the agency. This is very different than the 9-month long process currently required of an applicant. As the agencies do the work up front, significant up-front expenses are necessary.

[CONT.]

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 Division: Mining, Land and Water  
 Approved by: Pat Pourchot  
 Agency: Natural Resources

Phone 269-8600  
 Date/Time 12-Mar-02  
 Date 12-Mar-02

**ANALYSIS: (continued)**

DNR's current aquatic farm program, which is very different from the procedures envisioned in this bill, operates with one employee and brings in approximately \$48.0 a year. It would continue to operate while this bill is implemented.

DNR's current mariculture staff consists of one person who is working at full capacity with the current program. Implementing the bill would require a new unit consisting of two employees to pick sites and complete the work.

**Total estimated costs for DNR's portion of a one-time mariculture disposal: \$222,200, over two fiscal years.**

**Changes in revenue (annually): \$13,900+ for the first year, eventually reaching \$55,500+ over a period of 3-4 years.**

It is unlikely that the market could absorb 90 aquatic farmsites at once. We come to this conclusion because the average number of applications received during an opening is approximately 15 to 20. For purposes of projecting revenue, we estimate that one-quarter of the sites, or 22, would be taken the first year, and the remainder would be taken "over the counter" over the subsequent three years. Rent for 22 three-acre sites would total approximately \$13,900. If half of the 90 sites, or 45, are taken initially, the possible annual revenue could be \$27,800. The total annual revenue after 90 sites are taken would be \$55,600. This estimate is based on an average 3-acre suspended culture site x 60 sites = \$33,000 and an average of 5-acre on-bottom culture site x 30 sites = \$22,500. (As of August 2, 2001, the aquatic farm lease fee was adjusted to \$350 for the first acre, plus \$100 for each additional acre.)

**Personal Services New Position Detail**

**DRAFT**

**Department of Natural Resources**

**Scenario:** DNR FY2003 Fiscal Notes - for Positions (2481)  
**Component:** Claims, Permits & Leases (2460)  
**BRU Name:** Minerals, Land, and Water Development (330)

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range & Steps	Budgeted Months	Split / Count	Annual Salary	COLA	Premium Pay	Annual Benefits	Total Costs
10-#075	Natural Resource Mgr I	FT	A	GG	Anchorage	2A	18 C	9.0		35,154	565	0	12,959	48,678
<b>Justification:</b>							<b>Funding Detail:</b>							
HB208							1004 General Fund Receipts							
												<b>Total Funding:</b>	100.00%	48,678
10-#077	Natural Resource Tech II	FT	A	GG	Anchorage	2A	12 C	9.0		23,247	373	0	10,519	34,139
<b>Justification:</b>							<b>Funding Detail:</b>							
HB208							1004 General Fund Receipts							
												<b>Total Funding:</b>	100.00%	34,139

**Component Summary:**

**Total New Positions: 2**

Fund Description	Fund Percent	Fund Amount
1004 General Fund Receipts	100.00%	82,817
<b>Total Funding:</b>	100.00%	82,817

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.